The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

Japan Would Now Force China to Recognize Manchukuo

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YEARLY SUBSCRIPTION, FIFTY-TWO ISSUES, TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE. POSTAGE INCLUDED IN CHINA AND JAPAN. IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U. S. CURRENCY. REMITTANCE FROM OTHER COUNTRIES THAN CHINA AND THE U. S. CAN MADE BY INTERNATIONAL MONEY ORDER. ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917.

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ONE NEW AMBASSADOR AND TWO ULTIMATUMS

ONE would have thought that Gen. Jiro Minami, commander of the Japanese military forces in Manchukuo, might have waited a few days longer before sending troops into North China so soon after the exchange of Sino-Japanese amenities at Nanking over the exchange of ambassadors. But General Minami apparently is no diplomat. He only waited ten days. Koki Hirota, foreign minister, notified China about the ambassador business on May 11. Minami sent his troops into the Demilitarized zone on May 21. The dispatch of the Japanese troops was preceded by an ultimatum to the North China authorities on May 20, but this wasn't the first one; another ultimatum was delivered to Gen. Yu Hsueh-chung, head of the Hopei provincial government on May 4. No official announcement from any quarter was made about the reason for the first ultimatum, but regardless of what it was, Gen. Yu quickly complied with the Japanese demands. Thus while Koki Hirota and Nanking officialdom were exchanging dispatches expressing friendship and mutual esteem over the exchange of ambassadors, the Japanese warlords were chalking up two ultimatums and one intervention. Also, as a matter of record, Gen. Minami announced that the Japanese troops will remain within the Zone until all the bandits have been eliminated. This may develop into an extended stay because one Japanese report claimed that Bandit Leader Sun Yung-chin has 10,000 followers. And the Japanese ought to know considerable about Sun Yung-chin because he is a product of Manchukuo. According to the Japanese reports Bandit Sun had been operating for a considerable time in Jehol, but they apparently tired of him and chased him and his followers into Chinese territory. Then followed Ultimatum No. 2 and the succeeding intervention. Also, the record would not be complete without noting the fact that eight Japanese bombers, operating from the air-base at Chengteh, capital of Jehol, flew over the wall and for a half hour rained bombs on the Chinese villagers in the vicinity of Hsinlung. This occurred on May 11, the same day

that Koki Hirota announced his decision to raise the legation to an embassy.

Some suspicious persons have suggested that these events prove that Imperial Japan has two kinds of diplomacy, one operated by the Foreign Office and the other by the Minitary general staff and enforced through the Kwantung Branch of the army, but we are not so sure that the two policies are entirely disconnected. We admit the evidence is circumstantial, but the Tokyo newspaper *Yomiuri* announced on May 14 that the elevation of Japan's legation to an embassy would be followed immediately by a Japanese demand that China grant full diplomatic recognition to the puppet state of Manchukuo. This, of course, was only a newspaper report but newspapers in Japan have an uncanny habit of forecasting official policy. If the *Yomiuri's* statement was correct, the military intervention in North China can have no other objective than to compel China to recognize the puppet state. One of the Chinese newspaper reports referring to the ambassadorial question said that Nanking was planning a grand welcome for Ambassador Ariyoshi when he returns to Nanking, but in view of the other circumstances in North China and the report in the *Yomiuri* one wonders whether Nanking's welcome to Ariyoshi will be so enthusiastic as it otherwise might have been.

COMMANDER WITHERSPOON AND HIS MILITANT RELIGION

COMMANDER Maurice M. Witherspoon has charge of the religious activities of the U.S. Fourth Marine contingent stationed in Shanghai, which means that in addition to his rank as a naval commander, he also is chaplain of the regiment. He deserves the additional title of "fighting parson," a term once well known in the United States, but now seldom applied to ministers of the gospel. We do not know how many persons heard Chaplain Witherspoon's address delivered over the radio in Shanghai last Monday evening, but we hope the audience was a large one for he talked on the "Power of a Great Example," the subject being inspired by the annual American observance of Memorial Day which falls on May 30. The naval-chaplain's address was no cut and dried affair for purely American consumption or the private edification of members of the marine corps. He had a great deal to say about liberty and he called a spade by its correct title in reference to prevailing conditions about the world where personal dictatorships, whether disguised as "communism," "fascism," or some other title, have set back the clock and are rapidly forcing the world into a situation of universal anarchy. His references to the examples of Washington and Lincoln as statesmen who stood for ideals and principles were especially timely in these days when pesudo-leaders do not hesitate to barter national interests for private gain or as a means of gaining power and remaining in power. Amplifying his subject, the power of a great example, Chaplain Witherspoon called attention to the example of George Washington, who as a soldier and a statesman, stuck to his ideals through the worst of adversity and ultimately won out, thereby laying the foundation for a great nation. A great nation, which is still guided in its fundamental ideals by the power of the example of Washington. Then came Abraham Lincoln, another American political leader who was faced with equally serious problems, but who likewise did not waver when it came to making a decision on the fundamental issue of preserving the unity of the nation created by Washington. Witherspoon's subject was of special interest and was timely for both Americans in the Far East and for the Chinese people. As for the American community in Far East, it is in a position of peculiar responsibility now for developments are taking place here which directly affect their welfare as well as the welfare of the home land. There have been times in the past when the voice of Americans in the Far East carried considerable weight in home political and business circles. Often they were able to influence official policies. But in recent years Americans in this part of the world seemingly have ceased to stand on their own feet and have more and more left things to the home people, often with disastrous results. There is hope that Chaplain Witherspoon's message may cause an awakening.

"Nippon Dempo" and "Rengo" to Merge with Three Million Yen Budget

The Teito *Nichi Nichi*, a prominent Japanese provincial newspaper, May 11 reported that after protracted negotiations *Nippon Dempo* has finally agreed to the proposed organization of a large news agency in merger with *Rengo*. Matsuzo Nagai, former Ambassador to Berlin, is to head the new enlarged organization with an annual budget of Yen 3,000,000. The organization of the news distribution agency, the largest of its kind in Japan, had attracted much attention in the newspaper world of Japan as an epoch-making event. Various intricate interests between a total of 20 newspaper organizations, patrons of the *Rengo* and *Nippon Dempo* and their member newspapers, had blocked smooth progress. On the night of May 9 the representatives of the press were invited to the official residence of the Foreign Minister, where the Government authorities concerned formally met the representatives of the press. Those present in addition to the newspaper representatives included Foreign Minister Hirota, Parliamentary Vice-Minister Isaka, Chief of the Information Bureau Amau, former Ambassador to Berlin Nagai (Foreign Office); Communications Minister Takonami, Vice-Ministers Aoki ann Ohashi, Chief of the Telegraphic Business Section Shindo (Communications Ministry); and Directors Iwahara, Komori and Ogino (Radio Broadcasting Association). Upon inauguration the new company will have Mr. Nagai as president, and Yukichi Iwanaga, now director-in-chief of *Rengo*, as director-in-chief. With the budget of Yen 3,000,000 the present machinery of *Rengo* and *Nippon Dempo* will be used with the result that the scope of enterprises of the new body is expected to become three times as large as that of the present *Rengo*. It is, however, expected that there will be considerable altercation before the new organization is actually brought into being.

League of Young Russians Is Active in Shanghai

The "League of Young Russia" (Mladoross) has an active branch in Shanghai. The League claims to be neither white nor red. While they consider monarchy as an ideal, yet they say they must take facts as they are. They hail any triumph of the new Russia, be it a success of Soviet diplomacy or an invention of a Soviet engineer, etc. The Young Russians are ready to adopt the Soviet structure which they consider as a "good instrument in bad hands," and will adopt any Russian government, except the communistic. So in case of a Soviet-Japanese or a Soviet-German war the Young Russians would wish success to the Red Army, which will fulfill her national duty. The League's present leader is Alexander Kasem-Beck, who lives in Paris. In Shanghai, where the League has a considerable number of members, its representative is N. A. Wihelminin. They League publishes a weekly newspaper in Shanghai, *The New Trail*, the editor of which is N. V. Peteretz.

Using the Tangku Truce to Force China's Recognition of Manchukuo

THE so-called Tangku truce, ending the hostilities between the Chinese and Japanese military forces over the Manchurian issue was signed on May 31, 1933. It was signed on board a Japanese ship anchored at the little town of Tangku on the coast a few miles to the east of Tientsin. When it was signed the military forces of Imperial Japan were within artillery fire of both Peiping and Tientsin, having advanced to these positions from the vicinity of the Great Wall where the Chinese troops had been defeated after suffering heavy losses. Whether the Japanese Kwantung army actually intended to occupy the two chief cities of north China, one the former capital and the other the chief port, is not known; the Chinese authorities undoubtedly believed such to be Japan's intentions. Rumors were in circulation that Japan not only intended to seize these cities, but also planned to restore Henry Pu-Yi to the ancient Dragon throne in the former capital. This explains why the Chinese authorities hurriedly removed the ancient art treasures from the Forbidden City to Shanghai, immediately afterward, for it was believed that Japan intended to seize these objects on the ground they were the property of the Manchu family which had been unseated in the first revolution in 1911. Therefore, by signing the Tangku truce, China not only saved her two northern cities from Japanese occupation, but also circumvented the Japanese scheme of seizing the art objects and also, possibly, prevented the Japanese warlords from restoring the Boy Emperor to the ancient Manchu throne at that particular time.

This map, reproduced from the "Sin Win Pao," indicates the approximate boundaries of the so-called "neutral" zone which was created as a result of the truce that was signed by the Chinese and Japanese military representatives at Tangku, on May 31, 1933. There were two significant omissions in the military phases of the announced truce terms. Japan was not bound to interfere with the so-called "Manchukuo" troops, who were at liberty to enter the area and, in fact have done so with complete freedom for two years. Furthermore nothing was said about Chahar, from which area the Japanese later cut off some 1,500 square miles of territory and added it to Jehol.

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But China was saddled with the Tangku Truce, an agreement which has since become the chief objective of Japanese military policy in North China, somewhat as the notorious Twenty-

One Demands were the chief objective of Japanese military policy toward China in 1915. According to dispatches from Japanese and neutral sources sent out from Tientsin on the night of May 31 the Tangku truce was supposed to contain the following clauses:

1—Chinese troops are to be withdrawn to a line extending from the sea, thence running westward slightly to the north of Tientsin, thence to the north of Peiping and swinging northward to the Great Wall, but not including Kalgan.

2—No Chinese troops from the south or west will be permitted to cross this line in the direction of the Wall, and Chinese troops are to offer no provocation to the Japanese.

3—Japanese troops, in order to insure faithful observance of these conditions, are permitted to use airplane reconnoisance or other means and the Chinese forces must provide full facilities and protection.

4—The area between the line of demarcation and the Great Wall is to be administered by Chinese police.

5—The armistice is to be effective from the day of signature.

Note:—The National Government has never issued an official text of the terms of the Tangku True agreement, although several unofficial statements have been made by responsible officials that its terms do not infringe upon the territorial integrity of the country.

The Tangku truce was signed by a Col. Kamura of the staff of the Japanese Kwantung army and on the Chinese side by Gen. Hsiung Ping, a personal representative of Gen. Huang Fu, who had been sent to the north to negotiate with the Japanese, and who later became head of the Peiping Political Committee. The negotiations leading up to the signing of the truce and afterward were conducted in great secrecy, but Wang Ching-wei, head of the National Executive Yuan at Nanking, declared in the course of a statement issued at Nanchang, (Gen. Chiang Kai-shek's headquarters) that the fundamental principle of non-impairment of Chinese national rights would be strictly observed. On June 10, shortly following the signing of the truce, Wang Ching-wei again declared, "Any local arrangement will not affect China's territorial rights or her international position, but is designed to give a breathing-space to sorely-tried troops and a distressed population . . . the Government willingly bears responsibility as regards the present situation and appeals to the sound judgement of the people as to the merits of the action . . . . . the National government will never sign away any Chinese territory . . . ."

Despite this obviously sincere statement, which must have been based upon information received from the North, disturbing rumors already were in circulation that the Tangku truce bound China to carry out a great number of conditions which were not included in the published version of the agreement. For example *Rengo* issued a report from Tokyo on June 2, only two days following the signing of the truce, which declared that the signing of the truce marked the turning point in the relations of the two countries; that China would now be compelled to discontinue all policies aimed at disturbing the peace of Manchukuo; that China must take action preventing damage to Japanese properties anywhere in China; that the Chinese authorities must strictly control the anti-Japanese boycott movements and other forms of agitation throughout the territory under Nanking's jurisdiction; that the Nanking government must strictly control all anti-Japanese movements which heretofore have been initiated and carried out by the Kuomintang party; that the Japanese government reserved the right to take definite steps in the event of Chinese troops advancing beyond the line demarked in the truce agreement or any other military action directed against Japan and, or, Manchukuo. The circulation of this dispatch, inspired from official quarters in Tokyo, was responsible for reports published both in China and abroad to the effect that China had been trapped into a policy leading inevitably to the eventual recognition of the puppet state of Manchukuo.

By the time this issue of *The Review* reaches its readers in the outports, just two years will have elapsed since the signing of the Tangku truce. It is therefore of considerable value to review developments in this period which have had a direct or indirect bearing on the truce agreement signed on May 31, 1933. But of more immediate interest were two statements by high Chinese and Japanese officials which appeared in the Tokyo newspapers referring to the Tangku truce. One was an interview with Yin Tung, managing-director of the Peiping-Mukden railway, who was announcedly sent to Tokyo to attend a convention of touring agencies, but who has been conferring with high officials of the Japanese war and foreign offices on more important matters. In this interview, circulated by *Rengo* on May 1, Yin Tung said, "With through traffic, postal and customs questions settled on the whole, China has done about all there was to be done to fulfil her obligations under the Tangku truce agreement . . . the political situation in North China has gradually settled down . . . . The National government, therefore, wishes to revise the provisional Tangku truce into some kind of a general political pact and also to simplify the duties of the Peiping politial council." In a later interview on May 7, following a conversation with Koki Hirota, Minister of Foreign Affairs, Yin Tung was quoted *(Shanghai Mainichi)* as stating that all obligations in the Tangku truce had been carried out by China, "*only such questions as the connection of air-lines between North China and Manchukuo remain to be settled.*"

The other statement having a significant bearing on the Tangku truce was made by Major-General Seishiro Itagaki, assistant chief-of-staff of the Kwantung army who declared *(Japan Advertiser*, April 24) that the establishment of air-services between North China and Manchukuo "*was included in the Tangku truce agreement, and that a proposal had been made for the formation of a joint air-transport company.*" He declared further that the Chinese authorities "are trying to wriggle out of the agreement by means of sophistry, but this will not be permitted." On May 8, in reply to the statement by Yin Tung about revising the Tangku truce agreement, Major-General Itagaki declared, "So long as

China declines to accord recognition to Manchukuo there will be no possibility of replacing the Tangku 'peace' agreement with a treaty of more permanent nature."

Thus are the Chinese people confronted with a situation of most disturbing nature which is a direct outcome of the Tangku truce agreement. In an editorial reference to the situation growing out of the Tangku truce which appeared in *The Review* on June 10, 1933, it was stated that regardless of what was included in the terms of the agreement, the Japanese military establishment in Manchuria was in a position to place its own interpretation on the agreement and would not hesitate to do so when circumstances demanded. This forecast has been borne out in entirety for while the Tangku truce, or at least the published terms, were only concerned with immediate military objectives, a great many other things have been done *in the name or spirit of the truce* which have had the effect of bringing North China almost completely under the control of the Japanese military authorities, operating from Manchukuo. Futhermore, a situation has been created which now brings China face to face with the fundamental issue of recognizing the puppet state. The sudden elevation of the Japanese legation to the status of an embassy was closely concerned with this issue as the following will show. But first, to review briefly some of the things which China has been compelled to do in the name of the Truce:

1—Resumption of through railway traffic, enabling the Japanese government-controlled South Manchuria railway to operate trains directly into Tientsin and Peiping and protect them with military garrisons at practically all intermediate stations.
2—Resumption of postal service between China and Manchukuo.
3—Resumption of telegraph service between China and Manchukuo.
4—Establishment of long-distance telephone service connecting the two countries.
5—Establishment of Customs stations along the Great Wall boundary between North China and Manchukuo.
6—Relinquishment of approximately 1,500 square miles of Chinese territory in Chahar to Manchukuo which Japan is now using as a base for further adventures into Inner-Mongolia.

In addition to these definite developments which are a matter of public record there have been some more recent developments, the import of which are not yet known. On May 4 the Japanese military authorities delivered another ultimatum to the North China authorities which received great prominence in the newspapers in Japan, but regarding which nothing has been published in the Chinese press. It is known, however, that the ultimatum was concerned with the policing of the so-called demilitarized zone which was created by the Tangku truce. The Chinese authorities had made all preparations for sending their specially trained police into the zone to replace the irregular forces which the Japanese have maintained in the area for the past two years. Gen. Yu Hsueh-chung, chairman of the Hopei provincial government, upon the advice of Gen. Ho Ying-chin, head of the Peiping military committee and Gen. Huang Fu, chairman of the Peiping political committee, complied with the Japanese ultimatum. According to the published terms of the Tangku truce the police establishment within the zone was to be Chinese controlled, but the Japanese ultimatum declared that China was violating the terms. In what manner? Gen. Yu Hsueh-chung was compelled to rescind orders he had previously issued and the taking over of the area by the new police force was delayed for several days.

Also of direct interest, vitally affecting the situation in North China, is the matter of Japan's use of the Demilitarized Zone as a base for the propagation of the narcotic trade throughout North China. Hopei province is being flooded with Manchukuo monopoly opium and Japanese-manufactured morphine and heroin dispensed by innumerable Japanese and Korean agents who have their headquarters within the zone and receive the protection of the Japanese military and consular authorities. Reports dealing with this situation, based upon authoritative neutral investigations, appeared in *The Review* on April 13 and 27 and a further report appears elsewhere in this issue. The Japanese opium and narcotics trade has lately become so important in North China as to cause an occidental naval officer to state that it should be regarded as a potent arm of Japan's national defense, or offensive, program on the Asiatic continent.

The *Shun Pao*, leading Chinese paper at Shanghai published a dispatch from Tientsin, dated May 19, stating that the Japanese had established a so-called "international" transportation company which was operating a large number of busses on roads within the Demilitarzed Zone and that these transportation organs were linked up with similar Japanese companies operating in Jehol province to the north of the Great Wall. The Chinese authorities claimed they had given no permission for these Japanese companies to operate in Chinese territory.

AN INTOLERABLE SITUATION

That the situation in North China has became intolerable as a direct outcome of the Tangku truce arrangement is the most obvious element in the disturbed relations of China and Japan. Although not included in the published terms of the truce, China has been compelled to do everything except grant outright diplomatic recognition of the puppet state. With the Kwantung branch of the Imperial Japanese army firmly established as the dictator of Manchukuo, the Japanese military authorities in that sector are in a position to dominate, and do dictate, Japanese official policy toward China. As a result a situation has been created in North China which cannot continue much longer without an explosion somewhere. Hence China would like to revise the Tangku truce and replace it with some form of political agreement, but a high staff officer of the Kwantung army declared that the Tangku truce cannot be revised, except on the condition that China grants outright diplomatic recognition to the puppet state, a condition utterly abhorent to all patriotic Chinese.

The Shanghai Japanese newspaper, *Mainichi*, published a dispatch from Tokyo, dated May 19, stating that Yin Tung, managing-Director of the Peiping-Mukden railway who is now in Tokyo had conferred with high officials of the Japanese war, finance and foreign ministries on the matter of revising the Tangku Truce. The dispatch stated, however, that the war office had informed Mr. Yin that it would be necessary for China to recognize Manchukuo before Japan would consent to a revision of the Truce. The war office characterized China's attitude as inconsistent, in that the Chinese authorities desired to abrogate the Truce while at the same time declining to carry out immediately the conditions which Japan demanded as a condition for a new political treaty.

What the outcome of the present crisis will be no one can forecast but the fact that Gen. Senjiro Hayashi, Japanese War Minister and concurrently chairman of the so-called Manchurian Affairs Bureau of the Japanese cabinet, is now making a tour of the Manchurian provinces is regarded as significant. This brings us to the recent developments surrounding the elevation of the Japanese legation to the Status of an "embassy," which is discussed in the following article.

Since the foregoing paragraphs were written reports have been received that Gen. Jiro Minami, commander of the Kwantung army in Manchukuo, on May 20, sent another ultimatum to the North China authorities charging that Chinese magistrates were harboring handits within the Zone which had been chased out of Jehol by the Japanese army. Gen. Minami threatened to send troops into the Zone in the event the Chinese did not act against the handits. Reports through *Rengo* on May 21 indicated that Japanese troops had been sent into the Zone and one message from Tokyo stated they would remain in the Zone "until the bandits had been cleared out."

Significance of the "Ambassadorial Procession" at Nanking

TWO important points seem to have been overlooked entirely in the voluminous reports published in the local newspapers regarding the recent developments at Nanking concerned with the elevation of the legations to the status of embassies. In the first place it doesn't seem to have occurred to anyone that it is distinctly incongruous, if not impossible, for sovereign states to maintain ambassadors in a country which does not possess complete sovereignty. The only reference to this important point was a brief dispatch from Washington quoting some State Department legal authority to the effect that the United States had not raised its legation to an embassy previously because the presence of foreign troops in China and the existence of exterritoriality did not entitle China to "ambassadorial" status. But despite this technicality Secretary Hull apparently did not waste any time in cabling Nelson Trusler Johnson, the American diplomatic representative to join the ambassadorial procession and get as near the head of the line as possible. But despite all he could do the American representative had to occupy fifth place in the line because he apparently was crowded out of fourth place by the British diplomat who preceded him to the Nanking foreign office by twenty or thirty minutes. According to latest reports the line-up is as follows: 1st position, D. V. Bogomoloff, Soviet ambassador whose government granted China ambassadorial status in 1924; 2nd position, Signor Vincenzo Lojacono, Italian ambassador whose government took action in September, 1934; 3rd position, Akira Ariyoshi, Japanese ambassador, whose appointment was announced last week; 4th position, Sir Alexander Cadogan, British ambassador, whose government's announcement as stated, preceded that of the United States by about twenty minutes. As for France and Germany, we have not yet had time to figure out how they stand, but both apparently have joined the procession.

As a result of these stirring developments at Nanking which were not entirely lacking in humorous aspects, it was not unexpected that the National Ministry of Foreign Affairs announced almost simultaneously the appointment of a special committee to make a study of the question of abolition of exterritoriality. In view of the tremendous amount of work and effort which Dr. C. T. Wang, former Foreign Minister, devoted to this subject it is not apparent why further research should be necessary, but regardless of this point it is obvious that the surrender of exterritoriality will be next on the schedule. No official announcement of Japan's plans has been made but sufficient has appeared in the Japanese newspapers to indicate that Japan intends to relinquish her consular jurisdiction—providing she can make a proper trade with the Nanking Government for monopolistic control over certain economic interests regarded as adequate for the relinquishment. With the entire coastline and river system of China within reach of her gunboats and airplanes, Japan has little need for exterritoriality, in fact can afford to relinquish this "right" with much less fear of loss than probably will be the case of America and Britain.

The other important point, entirely overlooked in the reports bearing on the ambassadorial issue, was the simultaneous announcement of the Japanese Foreign Office that Japan is also dispatching a "Special Envoy" who will be stationed in the National Capital and whose duty it will be to make a comprehensive survey of existing sentiment toward Japan as well as economic conditions. This Special Envoy will be of higher rank than "Ambassador" Ariyoshi and his particular duties, reduced to simple terms, will be to check up on China's suppression of boycott and other anti-Japanese activities. Actually his duties will be

comparable somewhat to those of a super-police officer in that he will call China's attention to any failure to suppress anti-Japanese activities whether concerned with the sale and distribution of Japanese goods or anti-Japanese activities in the educational field. The announcement of the appointment of the Special Envoy appeared in the *Rengo* reports from Tokyo, dated May 12, which also referred to the raising of the status of the Japanese legation to that of an embassy, but for some reason it was not published in any of the local newspapers, Chinese or foreign. It also appeared in the Tokyo newspapers along with the announcement of Ariyoshi's appointment as Japan's first ambassador.

The *China Evening News*, Chinese paper in Shanghai, announced on May 21 that China will also send a "Special Envoy" to Japan and that a high Chinese official had been selected for the position. His name, however, was not announced in the report, which stated that the special Japanese envoy was scheduled to arrive in Shanghai shortly and after a brief visit at Nanking would make a tour of the country.

The appointment of the Japanese Special Envoy apparently was decided upon by the Foreign Office in order to conciliate the War Office people who had raised strong objection to the elevation of the Japanese embassy. The War Office insisted that China had not yet sufficiently shown her good faith with respect to the suppression of anti-Japanese activities, but the Foreign Office was under strong pressure by the industrial interests in the Osaka district to do something to improve Japanese trade in order to make up for Japan's dwindling markets in other parts of the World. The Foreign Office therefore decided to go ahead with the ambassador business, but at the same time decided to send another envoy of higher rank who would be satisfactory to the War Department. The sentiment of the Japanese military elements regarding conditions in China has been expressed without restraint in the Japanese newspapers both in Japan and in China. A report in the *Yomiuri* on May 14 stated that the Japanese government had steered clear of the Manchukuo problem in all recent negotiations, but the exchange of ambassadors would be quickly followed by definite Japanese overtures for the recognition of Manchukuo. The paper declared there could be no Sino-Japanese "friendship" or peace in the Far East until this issue was settled, hence Hirota had made up his mind to press China for formal recognition of Manchukuo immediately after Arioshi's return to his post with the rank of "ambassador." The paper also claimed that Gen. Chiang Kai-shek was anxious to stabilize the situation in North China so that he could devote his entire attention to the anti-red war and the situation in South China. The *Kobe Shimbun* declared that the Tokyo military authorities are still distrustful of Nanking's professions of "friendship" for Japan; that anti-Japonism is still rampant in the Hankow district where the Chinese newspapers even refuse to publish advertisements of Japanese firms. The military authorities also attacked the management of the National Military Academy in Nanking for enrolling a special class of Koreans "for use in espoinage in the event of a Sino-Japanese war." It was claimed that 61 Koreans were graduated last year and that 72 would complete the course this year. The *Shanghai Mainichi*, in taking up the refrain, charged that the "Blue Shirts" in North China were responsible for the recent assassinations of two pro-Jap editors at Tientsin. The same paper in a later editorial pointed out that the recent extension of the activities of the "association for the promotion of native goods," had the support of the Kuomintang and that this movement had caused a general cessation of trade in Japanese merchandise at several points in Central China, notably at Hankow and Changsha, the consumption of Japanese suger at Changsha being only one-tenth of what it was last year. Japanese trade in Honan is at a standstill and as a result Japanese traders had failed to purchase any raw cotton in that area this year. Szechuan province also is discriminating against Japanese cotton goods, the trade in Japanese merchandise at Chungking being paralyzed. On May 16 the *Shanghai Mainichi* published a report stating that a recently formed organization at Nanking known as the "Association for the Study of International Questions," had sent out a questionaire covering the following points:

(1) What is the real meaning of the so-called pro-Chinese policy of Japan?
(2) Why does Japan favor economic cooperation with China?
(3) What is the possible extent of economic cooperation between the two countries?
(4) Will it be beneficial for China to join the so-called Oriental Economic Bloc?
(5) Is it best that China and Japan reach a political understanding first, and then establish economic cooperation?
(6) What will be the probable influence of Sino-Japanese economic cooperation on the native trade and industry of China?
(7) What will be the likely effect of cooperation on the Chinese currency situation?
(8) What is the international significance of the economic cooperation?

In view of the attitude of the Japanese military authorities, particularly the all-powerful Kwantung army, it is difficult to see how much immediate good can result from the action of the Tokyo Foreign Office in elevating the status of the diplomatic establishment at Nanking. Neutral observers in North China who are in a position to observe the day to day development of Japanese military policy have expressed the opinion that the Kwantung army will continue to harass North China as a means of forcing Nanking to extend formal recognition to the puppet state. In view of this situation and of the further factor that the Japanese army has never been friendly toward Ariyoshi and opposed his appointment as ambassador, the likelihood is that Gen. Jiro Minami, commander-in-chief of the Kwantung army, will see that "Ambassador" Ariyoshi has plenty to do in the hot season, particularly in July when the Japanese are scheduled to start their next "offensive," if they wait that long.

Despite the rumors that there is a close link-up of the questions concerned with China's attempt to revise the Tangku Truce, the ambassadorial issue and Japan's present campaign to force a recogition of Manchukuo, this does not minimize the importance of the elevation of the legations to the status of embassies. Regarded from the standpoint of an isolated diplomatic action, it is a matter of tremendous significance in the history of China's relations with other Powers. While it had long been known that Japan was contemplating this move it was the action of Italy in appointing an ambassador to China last September that forced Japan to take action. Mussolini's appointment of an Ambassador did not arouse any special interest in either America or Britain, but when Japan followed the Italian precedent, the larger Powers could no longer delay. The whole question is intimately concerned with the Nine-Power Treaty signed at the Washington Conference in 1922, which provided for consultation and "joint" action on important matters affecting the interests of the Powers in the Far East. The chief point apparently is concerned with the element whether Japan's action was taken as a result of a "trade" for some special economic concession or other interest, in which event it would constitute a glaring violation of the treaty which sought to guard against such a contingency. One realizes, of course, that the day is rather late for discussing "legalities" in the Far East, but it is well to keep them in mind, nevertheless. America and Britain have no one to blame, excepting themselves, for the embarrassing position in which they now find themselves. The ambassadorial question should have been settled long ago, along with a number of other important issues, but was not settled due to the obvious impossibility of obtaining unanimous consent on anything. This was what blocked a solution of the exterritorial issue in 1924 and again in 1927, Japan at that time being the chief source of opposition.

America Also Appoints Ambassador to Nanking

CORDELL Hull, Secretary of State, announced May 16 that President Roosevelt had approved the recommendation of the State Department to elevate the U. S. Legation in China to an Embassy and the recommendation would be submitted to Congress this session. It is understood that Nelson T. Johnson, the present United States minister to China, will be appointed the first ambassador. Mr. Ariyoshi, Japan's first ambassador to China, is scheduled to leave Kobe on June 10 aboard the s.s. *Shanghai Maru*, arriving in Shanghai two day later. Kaname Wakasugi, first secretary and charge d'affaires resident in Peiping, has been appointed the counsellor of the new Embassy. The new Japanese Embassy will be located at Nanking. The decision of the British Government was officially communicated to Quo Tai-chi, the Chinese Minister in London, when, at the request of Sir John Simon, he visited the foreign secretary. Mr. Quo has been appointed the first Ambassador. The question was considered when T. V. Soong visited London in 1933, but the British Government at that time decided to wait a little longer.

William Phillips, the American assisiant secretary of State, May 14 denied the rumors spread abroad to the effect that the United States government intended transferring its China Legation from Peiping to Nanking. Mr. Phillips explained that the recent purchases of land in Nanking by the United States, which gave rise to the rumors, were effected merely for the purpose of building a new residence destined to house the United States minister to China during his trips to Nanking, the accommodations available at the American Consulate in the city being insufficient.

Official Announcement by Nanking Foreign Office

The Chinese Foreign Office at Nanking May 17 made the following announcements:—

(1) The Chinese Legation in Tokyo and the Japanese Legation in Peiping have been raised to the rank of embassies.

(2) General Chiang Tso-ping, Chinese minister to Japan, and A. Ariyoshi, Japanese minister to China, become the first ambassadors. Their new status dates from the moment of the announcement.

(3) President Roosevelt has decided to elevate the United States Legation in Peiping to the rank of an embassy.

(4) China will promote the status of its Legation in Washington to that of an embassy as soon as Congressional approval of the President's decision enables it to take effect.

The Foreign Office announced this evening that Great Britain had formally notified China of her decision to raise the British Legation in China to the status of an Embassy.

The Foreign Office also stated that the Chinese Government had signified to Great Britain the readiness of China to elevate her Legation in London to the rank of an Embassy.

Telegrams from Tokyo, Washington and London confirmed the news as given in the above statement from Nanking. A telegram from Paris stated that France had decided to raise her Legation in China to the status of an embassy. The change, however, would not go into effect until M. Pierre Laval, the foreign minister, returned from Poland and possibly a Parliamentary vote may be necessary before the change is made.

A Berlin message May 17 stated that Germany is expected sooner or later to raise her legation in China to the rank of embassy. The question, however, is not expected to become acute until Dr. Oskar P. Trautmann, the German minister to China, returns to Germany during next September. Dr. Trautmann's health is reported failing and it is not likely that he will return to China. His most likely successor is Lt.-Col. Hermann Kriebel, the German consul-general in Shanghai, and intimate friend of Herr Adolf Hitler, the Reichs-fuehrer.

A *United Press* message from Washington May 17 quoted observers as saying that Great Britain and the United States quickly reached a determination not to permit Japan to gain an advantage in diplomatic relations with China and therefore decided to make the announcement of the raising of the legations to embassies at the same time.

All the members of the former Japanese Legation in China were on May 18 appointed by the Foreign Office to similar posts in the new Embassy. The military and naval attaches were included in this number.

Reuter stated that there is a strong movement in British business circles connected with the Far East to induce the British Government to transfer the British Legation, or at least all of its essential machinery, from Peiping to Nanking. It is felt that the anomaly of having the Legation 600 miles from the seat of the Chinese Government is becoming most undesirable.

Ariyoshi's Tenure Not Likely to Be Long

According to the *Osaka Jiji*, Mr. Ariyoshi's tenure of the Ambassadorship is not likely to be long. It is rumored that his resignation will quickly follow the elevation of the Legation. As his successor, the name of Mr. Arita, Ambassador to Belgium, is confidently mentioned.

Reuter quoted a Nanking Foreign Office spokesman as saying: "The choice of the first Japanese ambassador to China in the person of Mr. Ariyoshi is a happy one. As minister to this country he has contributed abundantly to the good relations between China and Japan. His appointment to the new post is heartily welcomed." The spokesman at the same time pointed out that before the decision of the U. S. to raise the Legation to an Embassy could take effect the necessary financial appropriation would have to be passed by Congress, while the appointment of the Ambassador would require the approval of the Senate.

Minister Ariyoshi Admits His Policy Is of "Water Fowl" Variety

Akira Ariyoshi, the new Ambassador to China, admitted May 18 that his diplomacy was of the "water fowl" variety, but defended himself on the ground that the world itself is very much like a water fowl. Mr. Ariyoshi also said that he will never change his attitude of viewing the events in China with calmness. The new ambassador predicted that all pending issues between China and Japan would be soon amicably settled.

Gen. Chiang's Paper Says "Reasonable" Settlement of Manchukuo Problem Is Vital

A reasonable solution to the Northeastern Manchukuo problem is vital to further improvement in relations between Japan and China, the *Chen Pao*, Shanghai newspaper, known for its friendliness to General Chiang Kai-shek, stated in an editorial May 16 commenting on the exchange of ambassadors between the two countries. It was stated that a new path had been opened for settlement of the Northeastern problem since "China has already given up her claim for a return to the status quo in the Northeast. If Japan will keep her promise of no territorial ambition and will take adequate measures to solve this question," the editorial stated, "all previous feelings between the two countries could be cleared in one day. We can frankly tell Japan that we have long realized that we are no match for Japan and that we should not be enemies. We are now striving to strengthen our country, a step advantageous to Japan rather than disadvantgeous. China is an agricultural country and Japan is a country where industries are highly developed. What China lacks, Japan can supply. What Japan lacks is just what China has—a surplus of raw material. The possibilities in economic cooperation must not be underestimated. If China is properly developed she will be the United States of Asia, and Japan, at least, may find the same benefit in her economic development as Industrial England found from the United States. Japanese, however, are watching China with skepticism, often considering China's efforts at revival as efforts aimed at Japan, and have even hinted their desire to stop such efforts. This, we declare, is the fountain-head of Sino-Japanese troubles. If Japan's intellectual class will, at this moment of an exchange of ambassadors, show good-will toward China's efforts at revival, it will not be a blessing to China alone, but benefit the entire Far East."

"The three-power move to raise their diplomatic representation to the rank of embassies," the editorial in the *Chen Pao* said "could be interpreted as nothing but a sign of cordiality towards China. The initiative taken by the three leading foreign powers will no doubt raise the prestige of China as a member of the Family of Nations and will thus elevate China's international position."

The Shanghai *Chen Pao* further commented :—"Judging from the cultural and racial relations of China and Japan, the two countries should cooperate with each other. However as China has become weaker and weaker in the past decades, Japan has become stronger and, joining the white race, has led the other powers in the oppression of China. Naturally Japan has been looked upon as the greatest enemy of China. It is hoped that promotion of the Chinese and Japanese Ministers to the rank of Ambassadors will be a turning point in Sino-Japanese relations since the promotion of the Japanese Minister to China to the rank of Ambassador is an indication of Japanese recognition of China as a great nation."

Commenting on the action in the matter by the United States and Great Britain, the *China Times* opined that America's present move cannot but mark a further step towards placing her relations with China on a basis of equality and reciprocity which alone, it is expected, is to guide future negotiations for the settlement of all Sino-British and Sino-American problems.

The *Sin Wan Pao* expressed the opinion that the promotion of legations into embassies is but a change in formality. For the improvement of Sino-Japanese relations, the principle of mutual respect must be continued. "We sincerely hope that Japan realizes the importance of mutual respect, rather than insisting, as a Gaimusho spokesman had declared, that Japan's policy towards China is unchanged despite the elevation of the legation into the status of an embassy."

The Shanghai *Evening Post* headed a summary of Chinese press opinion on the raising of the Japanese legation to an embassy, "Chinese Comment on Embassies Is Joy with Caution."

Japanese Comment

Tokyo Yomiuri —"When Akira Ariyoshi goes to China early in June as Japan's first ambassador, it is believed that there will be frequent direct negotiations between Mr. Ariyoshi and the Nanking Government. Heretofore, the authorities of the Foreign Office believed that so long as the Manchurian problem remained unsolved, any effort to solve Japan-China issues would be productive of no favorable results and that exclusion of the Manchurian issue would promote Sino-Japanese relations. It is believed that Sino-Japanese problems can now be solved through direct negotiations. . . . "It is clear that General Chiang Kai-shek should desire to get rid of all unrest regarding North China because of his relation to the Southwest faction and his Communist suppression campaign. General Chiang, who has restored his popularity with the people on account of the Japanese Government, is expected to declare recognition of Manchukuo at a proper time in the future, firstly for his personal defense purposes, and secondly for promotion of China's friendship with Japan."

Tokyo Asahi :—"Although it is yet premature to believe that a fundamental change has taken place in China's attitude towards Japan, it cannot be denied that there is a decrease in the anti-Japanese sentiment. It is also true that the Chinese, who, purely for sentimental reasons, have been supporting anti-Japanese activities, have arrived at the realization that a rapprochement with Japan is in their own interests, and that their sentiments must give way in the interests of policy".

The Shanghai *Mainichi* May 18 stated that when Mr. Ariyoshi has his first talks with General Chiang Kai-shek and Wang Ching-wei he will explain the Japanese desire that China shall recognize its own important position in the Orient, evade all kinds of imprudent activities and exclusively engage in the promotion of a Sino-Japanese rapprochement for the maintenance of peace in the Far East.

The *Mainichi* also said that the exchange of Ambassadors by the Nanking Government with five of the powers constitutes the most effective menace to the anti-Central (red) influences in the country; winning its equality in the international arena, China will secure a far better position in the League of Nations.

Japan to Erect Yen 1,000,000 Embassy Building at Nanking

Japan's new embassy in Nanking will be housed in a new building to be erected there at the cost of Yen 1,000,000, the Tokyo Foreign Office announced May 17. Necessary appropriations will be included in next year's budget.

Wellington Koo to Be First Chinese Ambassador to France

A Nanking message May 19 stated that Dr. Wellington Koo will be appointed as the first Chinese Ambassador to France, according to well informed circles. The announcement will be made as soon as plans are completed with the French Government for the elevation of the Legations to Embassies.

A message from Nanking May 19 stated that with the elevation of China's diplomatic establishments in Japan, Germany, Great Britain, and the United States to the status of embassies, the Waichiaopu is drawing new appropriations for submission to the Government for consideration.

Dr. Shurman Says Japan Seeks to Gain Control of China

Japan's Asiatic policy includes "a dream of control of the whole of China", Jacob Gould Schurman, former United States Minister to China, declared in a speech at Utica, N. Y. May 19. "Japan defied the opinion of the whole civilized world by the ape of Manchuria in 1931," the speaker declared.

Complete Shake-Up Occurs in Manchukuo Cabinet

The resignation tendered on May 17 by Cheng Hsiao-hsu, Premier of Manchukuo, on the score of age and ill health, was accepted by Pu Yi, May 17. Cheng's resignation was the signal for a complete shake-up in the Cabinet. Gen. Chang Chin-hui, president of the Privy Council and Minister of Defence, was appointed to succeed. The new Cabinet is composed as follows:

Prime Minister—Gen. Chang Ching-hui. Foreign—Chang Yen-ching. Home—Lu Jung-huan. Finance—Sun Chi-chang. Defence—Gen. Yu Chi-shan. Industry—Ting Chien-hsiu. Communications—Li Shao-keng. Education—Yuan Chen-to. Imperial Household—Hsi Hsia. Justice—Feng Han-ching. Mongolian Affairs—Prince Chi, who is referred to in the Chinese press as Chi Wang.

The last two ministers have been the only ones to retain their former Cabinet posts.

Gen. Chang was formerly Governor of the Harbin districts when the Manchurian Incident occurred in 1931. He was later Governor of Heilungkiang province. He was educated in Japan.

A *Rengo* message from Changchun on May 22 stated that Chuichi Ohashi, vice-minister of the Manchukuo foreign office, also had resigned and that Waro Moriya, counsellor of the Japanese embassy at Changchun, probably would take the post.

Japanese Financier Doubts if Japan Can Meet Manchukuo's Growing Money Need

Doubts were cast on Japan's ability to meet Manchukuo's growing financial requirements by Naojiro Kikumoto, a director of the Mitsui Bank and spokesman for a group of 15 Tokyo and Osaka bankers, who had just completed a 17-day tour of the new Empire, in an interview given in Seoul May 21. Japan, he said, has already invested $415,000,000 in various industrial and other enterprises in Manchukuo. "Nevertheless," Mr. Kikumoto said, "we keenly realize, in our position as financiers, that we should further co-operate in developing the country, but that only as far as the absorbing power of the Japanese market for bonds and other securities will permit."

Yen 100,000,000 National Bonds to Be Issued for Redemption of S.M.R. Bonds

National Bonds totalling approximately Yen 100,000,000 will be issued by the end of this year to finance the redemption of the £6,000,000 South Manchuria Railway Company, due in January, 1936, a high Finance Ministry official stated in Tokyo May 21. Sterling funds necessary for the redemption, however,

will be obtained from the gold reserves held by the Yokohama Specie Bank in London, he remarked. The procedure is being taken so as to prevent violent fluctuations in the exchange rate of the yen, which might be caused by the outflow of gold from the country, the official explained.

S.M.R. Shows Record Profit in 1934

Record revenues have been shown by the South Manchuria Railway Company in the 1934 fiscal year, which ended on March 31 last. Total receipts for the year amounted to Yen 275,000,000, with the net profits totalling Yen 46,000,000. Both figures, are the highest in the company's history.

Exodus of C.E.R. Employees to Russia Proceeds—Deductions for Debts

The exodus of Soviet employees of the Chinese Eastern Railway began in earnest May 19. During the week more than 1,000 persons were expected to leave for Russia. Mr. Rudy, former director general, was among those who returned to Russia, but he is expected to return to Manchukuo early next month for a through-traffic conference. The Settlement Committee of the Railway announced that about $1,000,000 would be deducted from the salaries and allowances due to about 2,000 employees to satisfy claims of local creditors.

Tokyo "Nichi Nichi" Predicts that Germany Will Soon Recognize Manchukuo

Based on a report that Dr. von Dirksen, German Ambassador was proceeding to Manchukuo (later denied) the Tokyo *Nichi Nichi* predicted that Germany is likely to recognize Manchukuo in the very near future.

Japan-Manchukuo Through Railway Traffic Agreement Signed

The formal signing of the recently concluded Japan-Manchukuo tariff and through railway traffic agreement took place in Hsinking on May 22 between Gen. Minami, Japanese Ambassador to Manchukuo, and Hsieh Chieh-shih, Hsinking Minister for Foreign Affairs.

Readjustment of Fiscal System Must Precede Abolition of Extraterritoriality

The Commission for the Renunciation of extraterritoriality in Manchukuo at a meeting May 17 expressed the opinion that Manchukuo must readjust her fiscal system before the proposed transfer of the taxation rights in the South Manchuria Railway zone to the new State can be effected.

Gen. Hayashi to Study Military and Economic Conditions in Manchuria

General Hayashi, War Minister, is scheduled to arrive in Dairen May 25 to begin his tour of Manchukuo. The War Minister's schedule provides for visits to Taheiho, on the Soviet-Manchurian border in the north, Tsitsihar, Harbin, Mukden, Hsinking, Chengteh, capital of Jehol Province, and Shanhaikwan, on the Chinese-Manchurian Border. In the last town Gen. Hayashi is scheduled to meet Lieut Gen. Umetsu, Commander of the Tientsin Japanese Garrison. In all towns the War Minister will inspect Japanese military establishments. The main purpose of Gen. Hayashi's trip, according to circles close to the War Office, is to investigate the military and economic conditions in the new State, discuss with Manchukuo officials all the outstanding issues between the two countries, and to reassure the Japanese investors on the security of their funds placed in Manchukuo's enterprises.

Col. Ohkido, Chief of the Manchuria-Mongolia Section of the General Staff, and Lieut.-Gen. Testuzan Nagata, Director of the Military Affairs Bureau of the War Office, are accompanying the War Minister.

War Minister Hayashi's Head Is Wanted by Bandits

Recent reports from Manchuria said that the bandits in Manchuria are offering a prize of Yen 100,000 for the head of General Hayashi, War Minister, who is leaving Tokyo shortly for a visit to Manchuria. On hearing the story, the War Minister, according to the *Yomiuri*, said his head was wanted for the first time more than thirty years ago when he was the chief of an expedition to the Korean border to suppress the activities of Korean malcontents. During the years when he was the Commander of the Korean garrisons, his head was always in demand, he added.

Japanese Delegate Proceeds to Manchuli to Discuss Lake Buyer Nor Incident

Seiichi Kamiyoshi, director of the political section of the Department of Foreign Affairs of Manchukuo, proceeded to Manchuli this week to confer with Mongolian delegates to seek a settlement of the Lake Buyer Nor Incident in which Manchukuo and Outer Mongolian troops clashed last January.

On the eve of this conference rumors were current concerning the conclusion of a secret pact between Soviet Russia and Mongolia, which among other things would provide a loan by Soviet Russia of 10,000,000 roubles to Outer Mongolia without any interest.

Japanese Troops Invade "Demilitarized Zone" on Pretext of Suppressing Sun Yung-chin's "Bandits"

KWANGTUNG Army authorities May 20 indicated they would resort to "appropriate measures" under the terms of the Tangku Truce Agreement of 1932 unless the Chinese authorities take immediate steps to suppress bandits led by Sun Yung-chin who fled from Jehol to a point near Sunhwa in the demilitarized zone in Hopei. The magistrate of Sunhwa-hsien, the Kwantung Army bluntly charged, has "special connections" with the bandits who took refuge in his territory after being driven from Jehol.

Several hundred Japanese troops under the command of Col. Takure Matsui penetrated beyond the Great Wall and entered the demilitarized zone of Tsunhua May 21 in pursuit of Chinese volunteers from southern Jehol under Sun Yung-chin, arch-opponent of the Japanese administration in Jehol province. Sun Yung-chin's men are concentrated at Shih Li Pu, about 15 miles north of Tsunhua city.

The Kwangtung Army headquarters said they were obliged to despatch a detachment of troops to the demilitarized zone in North China, following the failure of repeated protests to the Chinese authorities against their alleged connivance with Sun Yung-chin's activities, and also because they were breaking the terms of the Tangku Truce agreement of 1932. It was alleged by the Army authorities that the concentration of irregular Chinese forces near the China-Manchukuo border constituted a menace to the peace and tranquility of the new Empire.

Yin Ju-keng, administrative inspector of the demilitarized area, called on Mr. Takahashi, the Japanese military attache, at Peiping May 21 and assured Mr. Takahashi that the Chinese authorities would spare no efforts to suppress the "outlaws," and that there was no need for the Kwantung army to send troops across the Wall.

Japanese forces sent by the Kwantung Army into the Luantung demilitarized zone will withdraw from that area to outside the Great Wall as soon as they clear the district of bandits, a spokesman of the Tokyo War Office stated May 21.

The *Shun Pao* May 20 stated that the Japanese Special Service Department of Shanhaikawan and the Japanese Consul General at Tientsin have organized an emigration office at Shanhaikwan. It is said that they expect to send a total of 1,000 Japanese and Koreans as settlers into the "demilitarized zone" before the end of July.

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Chinese Volunteers Put Up Strong Resistance Against Japanese

Heavy casualties were reported to have been sustained by both the Chinese volunteers and the Japanese and Manchukuo troops during the recent fighting in eastern Jehol. Under the leadership of Sun Yung-chin, the volunteers, including the militia corps of Linyuan and other districts in Jehol, had grown to more than 10,000 men and had been harassing the Japanese garrisons at various places. Unable to suppress them by land warfare, the Japanese troops resorted to air-bombing. Chinese telegrams reported that when the Volunteers attempted to flee inside the Great Wall the Japanese garrisons at the various passes along the Wall, particularly at Kupeikow and Hsifengkow, took measures to prevent them from passing through. It was said that the present visit of Col. Takahashi, assistant Japanese military attache in Peiping, to Chengteh, capital of Jehol, was for the purpose of discussing with the Japanese military authorities the necessary measures to combat the activities of the volunteers in the Great Wall region.

Bandits Flee from Tsunhua to Jehol

Bandits who were very active in the district of Tsunhua recently, this week concentrated at Shih Li Pu, about 15 miles north of the city of Tsunhua. Captain Chang Ching-yu, commander of the First Detachment of Special Police in the Demilitarized Zone north of Peiping, dispatched a company of men to Shih Lu Pu to suppress the outlaws. It is stated that these bandits fled into Tsunhua from Jehol as a result of the operations recently undertaken by the Japanese and Manchurian troops to clean up bandits in Jehol.

About 500 anti-Japanese Volunteers attacked Pu Li Hsien May 19. Four Japanese soldiers were killed and five wounded. The anti-Japanese Volunteers are reported to be well supplied with food and ammunition.

Soldiers Rescue Five Japanese and Two Koreans

Five Japanese and two Koreans, who were taken captive by bandits who attacked a train on the Tumen-Hsinking line on May 2, were rescued by soldiers May 19 and brought to the Mingyukou army post in Kirin province. These men were taken away by a band of about 100 bandits who attacked the train, killing four Japanese soldiers and one Japanese member of the railway police and wounding another Japanese railway policeman and 14 Japanese and Manchurians. About a dozen bandits were killed in the encounter.

Bandits Attack Train Near Harbin

A freight train bound for Harbin from station Imienpo, on the line from Harbin to Pogranichnaya, was attacked near Imienpo May 18 by a gang of about 100 bandits.

One Korean villager from Hsunsungtien, a village on the Hsinking-Tumen line, was kidnapped by a group of armed bandits, numbering about 200, who launched a surprise attack on the village at May 5. The outlaws, setting fire to the houses, were in the act of looting, when a punitive squad from a nearby garrison arrived, and, in conjunction with a police force, repulsed the marauders. Two members of the punitive force are reported to have been wounded in the engagement.

Japanese Suffer Casualties in Trying to Clean Up Bandits

One Japanese non-commissioned officer and a soldier were killed in action, and six others wounded during a clean-up campaign conducted by the Matsui, Sakata and Matsuda detachments at the beginning of May against groups of bandits who have been infesting the western vicinity of Chinchow. *Rengo* says that as a result of the campaign, the outlaws, estimated to be more than 600 strong, were completely dispersed, having sustained heavy losses at the hands of the punitive forces.

One Japanese soldier was killed in action when the Kawashima detachment engaged a group of about 100 armed bandits at a point about kilometres southwest of Sanchiugn on the Wasa-Harbin line May 8.

Five Japanese were killed and one was kidnapped by anti-Japanese Volunteers after a series of battles at a district 60 *li* south of Ningan Hsien in Kirin Province, according to reports received in Tientsin May 14.

The clean-up campaign against bandits launched by the joint Japanese-Manchukuoan forces last March in the Chinese Eastern Railway district in Pinkiang and Sankiang Provinces has resulted in a remarkable decrease in the number of outlaws, according to an official announcement made by the headquarters of the Garrison Forces in Harbin May 4. The announcement placed at 8,800 the number of armed bandits who were infesting these areas at the end of March, but, as a result of the campaign, the number decreased by about 1,000 during one month, thus bringing the estimated total down to 7,800 at the end of April.

The *China Times* says anti-Japanese Volunteers in North Manchuria occupied Ningan on the morning of May 14. The Volunteers restreated out of the city the next morning, after the arrival of large number of Japanese reinforcements. They are stated to be very active outside the city at present.

Manchukuo to Raise Legation in Japan to Status of Embassy

Manchukou May 21 decided to raise its legation in Japan to the status of an embassy. Hsieh Chieh-shih, former Foreign Minister of Manchukuo, probably will be the country's first ambassador. Japan already has an embassy in Hsinking. With the elevation of the Manchukuo diplomatic establishment, General Ting Shih-yuan, present Minister, is expected to retire. His successor probably will be Shen Jui-lin, member of the Privy Council and former Minister of Imperial Household of Manchukuo, or Hsieh Chieh-shih, member of the Privy Council and former Foreign Minister.

Dr. O. C. Lockhart Succeeds Dr. F. A. Cleveland as Salt Inspector

Dr. O. C. Lockhart, who for more than six years has been adviser to the Ministry of Finance, on May 21 succeeded Dr. Frederick A. Cleveland as Associate Chief Inspector of the Salt Revenue Department, the latter having been called to America owing to the serious illness of a near relative. Dr. and Mrs. Cleveland sailed for the United States in the Dollar liner *President Hoover* May 21. Both Dr. Cleveland and Dr. Lockhart came out to China with the Kemmerer Commission over six years ago. During his term of service Dr. Cleveland brought about many improvements in the Department's accounting procedure.

Municipal Council Accepts Telephone Compromise—11 Percent Rate Increase

At a special meeting of the Shanghai Municipal Council May 22 it was decided to accept the Shanghai Telephone Company's offer of a compromise with the result that a flat rate of 11 per cent is to be imposed on individual subscribers pending the findings of the proposed Special Telephone Committee. The increase will be retroactive to April 1.

Forty-Eight Killed in "Maxim Gorky" Airplane Disaster

Forty-eight persons were killed almost above the Moscow Airport on Leningrad Highway May 18 when the huge airplane, *Maxim Gorky*, with 36 passengers, mostly shock workers from the Central Airo-hydrodynamic Institute aboard, was being accompanied on a flight by a training plane from the Institute. The pilot of the latter, Blaguin, disobeying the prohibition order against stunt flying at high altitudes, started performing figures within a distance of 700 meters altitude from the *Maxim Gorky*. Upon finishing looping the loop, the plane struck the wing of the *Maxim Gorky*, causing a terrific explosion. The two planes, in flames, dropped to the ground in a tangled, charred mass of wreckage. Eleven of the crew of the *Maxim Gorky* and the 36 passengers, shockworkers, engineers, technicians and workers at the Institute including several members of their families, were killed in the crash. Pilot Blaguin was also killed. The *Maxim Gorky* was the world's largest plane and the accident was the worst in the history of heavier-than-air flying. The Soviet government has granted the families of those who were killed 10,000 roubles each as well as large pensions.

The Council of People's Commissars of the USSR and the Central Committee of the Communist Party has decreed that the lost airplane, *Maxim Gorky*, will be replaced by three large airplanes of the same type and size.

Chinese Pilot Killed and 40 Cadets Injured in Canton Crash

A Chinese pilot was killed and more than 40 cadets injured near Canton May 21. The pilot was flying one of the three fighting planes of the Canton Aviation School participating in a demonstration flight. The plane struck the barracks with a crash that could be heard for half a mile around.

C.N.A.C. Amphibian "Chengtu No. 16" Sinks in Whangpoo

The China National Aviation Corporation's Loening amphibian *Chengtu No. 16* just as it was taking off at Lungwha bound for Hankow on the morning of May 18 touched water with its right wing, and, after floating for about 20 minutes, sank. There were five persons on board: Leighton W. Rogers, member of the American Economic Mission and vice-president of the Aeronautical Chamber of Commerce in Washington, whose ankle was sprained; H. Broiles, pilot, whose home is in Ft. Worth, Texas, arm broken; R. C. Brown, of the Dupont Company, shaken, but otherwise uninjured; Prof. C. F. Remer, member of the American Economic Mission, formerly of St. John's University, Shanghai, rib broken and back sprained. Y. K. Wong, co-pilot, slightly cut on forehead, otherwise uninjured.

The plane has in the meantime been raised from the bottom and is to be repaired.

Industry Ministry to Inquire Into Tzechwan Mine Disaster

In view of the seriousness of the disaster at the Tzechwan Mines in Shantung on the morning of May 13, in which 700 people were drowned in a flooded shaft, the Minister of Industries has commissioned Liang Tsin, director of the Mining Department of the Ministry, to proceed to the mines to make a thorough investigation of the mishap.

Hope of re-opening the coal mines at Tzechwan has been entirely abandoned as all the shafts have been flooded. The suspension of operations of the mine will mean unemployment for 3,000 miners. More than 10,000 dependents face starvation.

The newspapers at Tsinan unanimously condemned the management on the ground that precautionary measures had not been taken against such a disaster. Including $1,000,000 which the management should pay to the families of the dead miners, it is estimated that the total loss to the mine will be $4,000,000.

A telegram from Tsinan, May, 19 stated that the Tzechwan coal mines in north-eastern Shantung presented a scene of horror as several dead bodies of the flood victims floated out to the mouth of the shaft. Up to date, more than 700 workers have been reported dead or missing. In the meantime, compensation for the families of the victims has been decided upon by the mine company following intervention of the Shantung Provincial Department of Reconstruction. According to the measures reached, the family of each of the victims is to receive $50 funeral expenses for the dead, $200 in compassionate grant, and an amount equal to two years' wage of the victim.

About 500 persons, all families of the dead miners in the recent accident of the Tzechuan Coal Mine, destroyed the offices of the mine at noon May 14.

The Shanghai *Shun Pao* in an editorial stressed that special attention should be given to the families of the dead in such disasters, and since there is no mining law, provision should be made in accordance with the Factory Law passed by the Nanking Government. In order to prevent further disasters the Government is urged to pass a comprehensive mining law.

Through Tourist Routings Between China and Japan Seen a Possibility; General Chiang Leaves Yunnan for Szechuan

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **Japanese Special Envoy to China Said to Be on Way to This Country.**
2. **184 Battles Fought With Chinese Volunteers in Manchuria in 3 Months.**
3. **Alleged Attack on Japanese Fishing Boat by Chinese Customs Cruiser.**
4. **Nanking to Send Special Envoy to Accompany Panchen Lama to Tibet.**
5. **Gen. Chiang Kai-shek Leaves Yunnan for Szechuan to Direct Anti-Red Campaign.**
6. **Yunnan Opium Evil Flayed by the Generalissimo in Speech.**
7. **Yunnan Chairman Asks for Subsidy from National Government.**
8. **Hunan and Yunnan Forces Cross Kinshakiang in Pursuing Reds.**
9. **Reported Program of Communist Expansion in Szechuan.**
10. **Tai Chi-tao Resigns as Examination Yuan President.**

The establishment of through railway passenger traffic arrangements between Japan and China early this summer was forseen by observers in Tokyo as a probable result of the meeting between Shinya Uchida, Japanese Railway Minister, and Yin Tung, Managing Director of the Peiping-Mukden Railway, now visiting Tokyo, according to *Rengo*.

Mr. Ying called on Korekiyo Takahashi, Japanese finance minister in the morning of May 20 for an hour's interview. Following the interview, Mr. Takahashi told the press that an agreement of views on the problems discussed had resulted from conversations with Mr. Ying, who "took a far and deep-sighted view of affairs." Mr. Ying is expeetcd to return to China before the end of May.

The *Hochi Shimbun* on May 14 reported that a new plan for economic co-operation between Japan and China has been proposed by Yin Tung and an influential Chinese financier in North China, who is now in Japan negotiating with Japan's leading financiers for economic co-operation between the two countries. Mr. Yin's plan is to be based on an exchange of goods between the two countries. Mr. Yin is negotiating with Japan's financiers, including the Industrial Bank of Japan, Mitsui, Mitsubishi, Yasuda, the Bank of Chosen, Toa Industrial Company, Oriental Development Company, Okura & Company, etc. for an exchange of views with these institutions on matters affecting Japan and China financially.

It is stated that Mr. Yin's plan needs establishment of an organ like the company which was recently organized between the South Manchuria Railway and French investors, to investigate investment enterprises in North China and offer its good offices for various forms of economic co-operatoin between the two countries.

Interviewed by *Hochi Shimbun* on May 14 on his plan for economic co-operation between Japan and China, Mr. Yin stated:

"Laying of railways between Hankow and Canton and other parts of China is keenly desired for development of natural resources. For this purpose I believe it is most advisable that Japan should exchange her products with China's materials. But Japan's direct investments seem to be difficult. China's cotton raising plan has been making remarkable progress in North China. Coal is inexhaustible. I should like to offer assistance to persons desiring exchange of these products with Japanese products."

The continued co-operation of the Chinese Government will be sought by Japanese bankers for the readjustment of defaulted Japanese loans to China, which total about Yen 800,000,000. According to Dr. Katsuji Uchida, managing director of the East Asia Industrial Co., Ltd., who is negotiating with the Chinese authorities,, the Nanking Government is seriously seeking a reasonable way to settle these outstanding liabilities, but an immediate solution of the problem cannot be expected in view of the present financial condition of China.

JAPANESE SPECIAL ENVOY ON WAY TO CHINA

The special Japanese envoy who is being sent to China to investigate present conditions in China in regard to Japan, left Nagasaki May 20 on board s.s. *Pei Yeh Maru*. The Japanese envoy will visit Hongkong first and then proceed to China.

184 BATTLES FOUGHT WITH VOLUNTEERS IN MANCHURIA IN 3 MONTHS

According to information from Japanese sources, the Chinese volunteers have had 184 battles with the Japanese and Manchukuo troops in the past three months in Manchuria.

Transfer of the Special Police Units of the Hopei Provincial Government (the new peace preservation units) to the "demilitarized zone" is nearing completion. With the exception of the city of Yutien, all districts in the zone have been taken over by the new units. The old units under Colonel Yang Yu-cheng have been transferred to Chunliangcheng and those under Colonel Fan Ching-hua to Nanyuan.

Representatives of the Japanese International Transportation Corporation called on Liu Po-chien, director of the Bureau of Highways of Hopei Provincial Government on May 12, asking for permission to run a regular transportation service in Chenghua, Yutien, Foongyuen, and Hsikuochuan districts in the Demilitarized Zone. The request was rejected by Mr. Liu.

A Japanese Gendarmes Station is being established by the Japanese authorities at Tangshan.

Koshima, employee of a Japanese shop, was found slain on the morning of May 15 in Fengyuen district in the War Zone. He is said to be a victim of bandits.

A Japanese engaged in the opium traffic was killed by several Koreans at Hanchentseng near Foongyuen, on May 14.

Several gangs of smugglers have been discovered near Taituvin at Chienan district in Luantung. They are engaged in the smuggling of Japanese goods from Jehol to the Demilitarized Zone.

JAPANESE TROOPS IN NORTH CHINA TO BE REPLACED BY NEW UNITS

Japanese army contingents stationed in Tientsin are being replaced by fresh units of the First, Fourth, Seventh and Twelfth Japanese Divisions.

The Japanese military authorities are enlisting Japanese residents in Tientsin for military service. The first group of 69 persons were scheduled to go back to Japan on May 23.

JAPAN FIXES EAST CHAHAR BOUNDARY BY ITSELF

The Japanese and "Manchukuo" authorities are fixing the boundary line in the east Chahar independently of the Chinese authorities, according to a report in the *Shun Pao* May 20.

The Japanese Special Service Mission at Dolonor has been considerably enlarged and reorganized, and its name has been changed into an "Advisory Board."

According to recent arrivals in Peiping from Kalgan, the "Manchukuo" authorities have established two cattle raising companies at Kuyuen, east Chahar. These two companies are to take charge of all the cattle-raising in east Chahar.

The evening through express from Peiping to Mukden on the Peiping-Liaoning Railway was derailed at 12 p.m. May 14 at a place called Hsinho east of Tientsin. The accident was of a minor nature. There were no casualties nor any serious damages.

ALLEGED ATTACK ON JAPANESE FISHING BOAT BY CUSTOMS CRUISER

Capitan Tsuyoshi Kowata, chief of the staff of the Mako Naval Depot in the Pescadores, has left Formosa by the S.S. *Asahi Maru* for Kobe en route to Tokyo to report to the

Japanese Government on the alleged attack on May 10 on a Japanese fishing boat by an unnamed foreign vessel off the Hakusha lighthouse in Shinchiku province. According to testimony offered by the crew of the fishing craft, the attacking vessel appeared to be a Chinese customs cruiser.

JAPANESE TO OPEN MINE IN FUKIEN

The Japanese authorities are planning to open the iron mines at Anki, Fukien Province, according to *Sin Wen Pao* on May 18. Japanese engineers have completed a preliminary survey of the mines. No information is available regarding the attitude of the Fukien Provincial Government toward the Japanese plan.

JAPANESE GOODS FLOOD SHASI MARKET

Japanese are gradually gaining entire control of trade in Shasi (west Hupeh), states a report in the *Shanghai Mainichi* May 21. 90 per cent of cotton piece goods imported into Shasi are of Japanese make. Japanese sugar and sea products are being sold in large quantities. Even the export trade of Shasi, such as the exporting of grain and beans is handled by Japanese merchants.

KIANGSI INSPECTION GROUP LEAVES FOR JAPAN

The Japan Inspection Group, organized by the Kiangsi Provincial Government and composed of twelve members under the leadership of Hsiao Li-fen, secretary of the Board of Supervisors of the Chekiang-Kiangsi Railway Administration, left Shanghai for Japan May 21 aboard the Japanese steamer, *Nagasaki Maru*.

SPECIAL ENVOY TO ACCOMPANY PANCHEN LAMA TO TIBET

A special envoy will be sent by the Nanking Government to accompany the Panchon Lama to Tibet in the coming autumn, according to the representative of the "Living Buddha" at Nanking. Four trucks will be sent to Chinghai for the conveyance of his baggage to Lhasa.

After three days' stay in the Chinghai Capital, the Panchen Lama left for the Ta-Erh-Shih (temple) May 14 to preside at a lama festival. It is understood that he will leave Chinghai (Kokonor) for Lhassa, capital of Tibet, in two or three months.

LEGISLATIVE YUAN OFFICIALS VISIT CHINGHAI PROVINCE

Leaving Lanchow, the Kansu capital, on board the Eurasia plane at 2 p.m. May 17, Mr. Sun Fo, President of the Legislative Yuan, and party arrived at Hsining, provincial capital of Chinghai, one and a half hours later, to inspect conditions in Chinghai province.

They were greeted at the aerodrome by General Ma Pufang, Commander of newly organized 2nd Army, Mr. Tan Ko-min, Provincial Commissioner of Civil Affairs for Chinghai (Kokonor), and other local leaders.

Upon returning to Sian from Hsining by airplane May 18, President Sun and party devoted the afternoon to sightseeing at the former Weiyang Kung (Palace of the Han Dynasty near Sian. They left for Huayin, eastern Shensi, by the Lung-Hai Railway at 9.30 p.m. May 19 en route to Tali (Tungchow), 20 miles north of Huayin, to inspect the Lohui Irrigation Canal. It is understood that the party will return to the Capital after a further inspection of the Chinghui Irrigation Canal.

GEN. CHIANG KAI-SHEK LEAVES YUNNAN FOR SZECHUAN TO DIRECT ANTI-RED OPERATIONS

Concluding his visit in Yunnan province, General Chiang Kai-shek, President of the Military Affairs Commission, left Kunming for Kweiyang by airplane on May 21 en route to Szechuan to personally direct the military operations against Communists in that province.

The Generalissimo, upon his departure, was accorded a rousing send-off at the airfield by the high officials the Yunnan Provincial Government. The departure of General Chiang for Kweiyang preparatory to going back to Szechuan marked a successful conclusion of the communist-suppression campaign in the provinces of Yunnan and Kweichow. Most of the remnant communists have fled to the western part of Szechuan province.

General Chiang, accompanied by General Lung, Chairman of the Yunnan Provincial Government, made an aerial inspection of the bandit situation along the valley of the Kinshakiang (River) and at Hwaili, the Szechuan city near the border of Yunnan, aboard an army plane May 19. Generals Chiang and Lung spent nearly four hours at the front and returned to Kunming after 6 p.m.

The relationship between educational and naoional regeneration was dealt with by General Chiang Kai-shek in the course of an address delivered at a mass meeting in Kunming May 19 attended by the students and teachers of the middle schools in the city.

In order to fulfil our responsibility for regeneration of the nation, General Chiang said, we must develop ourselves physically, mentally, and morally. In educating ourselves, we must have a comprehensive outlook on life,—in other words, philosophy of life.

This philosophy of life should teach us three things: firstly, that man is the supreme being of the universe; secondly, that every individual should strive to be a worthy citizen, and be loyal to his country; and thirdly, that every person should contribute his share towards social service and promotion of the general welfare.

The aim of life, therefore, should be to improve human livelihood, and the meaning of life lies in the creation of new life in this universe.

The aim of education should be to develop a strong character in every student, through promotion and revival of the national virtues.

In conclusion, General Chiang said that the programme of the New Life Movement includes the accomplishment of three tasks, namely, (1) abolition of slavery, (2) opium suppression, and (3) prohibition of child labour.

YUNNAN OPIUM EVILS FLAYED BY GEN, CHIANG

Attentton to evils existing in the province by Yunnan was directed by General Chiang Kai-shek in an address on May 19 to a crowd estimated at 6,000, including students, educationalists and leading officials. General Lung Yung was also present.

General Chiang pointed out that leaders of the New Life Movement should work as one to suppress opium smoking, poppy planting, to abolish the domestic slavery system and child labor. The latter has reference to the widespread use of children in the tin mines at Kochiu.

That all Party and Government officials should carry out their duties speedily and efficiently was the keynote of the instructions given by General Chiang Kai-shek at a conference held at Kunming May 16 with the members of the Yunnan Provincial Party Headquarters and the Yunnan Provincial Government. After inquiring about the progress of the Party work and civil administration in Yunnan, General Chiang expresses the hope that the Party and Government officials will continue to cooperate with each other under the leadership of General Lung Yun.

YUNNAN ASKS FOR SUBSIDY FROM NANKING

An appeal for financial aid has been received by the National Government from General Lung Yun, Chairman of the Yunnan Provincial Government. In his telegram to the Executive Yuan, General Lung states that the province has been suffering an annual deficit in administrative expenditure of more than $1,700,000. Unless a subsidy be granted by the Central Government, the Provincial authorities will be unable to enforce its opium-suppression programme in Yunnan province with complete success. President Wang Ching-wei has referred the petition to the Ministry of Finance for consideration.

YUANMOU CAPTURED BY YUNNAN TROOPS

The city of Yuanmou, 128 miles northwest of Kunming, has been recaptured by units of the 3rd (Yunnan) and 2nd (Government) Columns of the 2nd Route Army of the Bandit-suppression Forces under General Lung Yun. 1,000 outlaws were slain while the rest fled towards Yungjen and Huanchow, whence they crossed the Kin Sha Kiang (River) northwards to south-western Szechuan.

YUNNAN AND HUNAN FORCES CROSS KINSHAKIANG IN PURSUING REDS

According to a telegram received by the Canton authorities May 17. from General Lung Yun, the Communists under Chu Te and Mao Tse-tung who had penetrated into Yunnan from Kweichow, after having austained heavy losses, have fled across the Kinshakiang (River), heading for southern

Szechuan. Following the trail of the routed Reds in hot pursuit, a combined force of the Yunnan and Hunnan provincial troops has also crossed the River to launch an attack from the rear, while the Government troops in Szechuan are confronting them at the front. In the meantime, the various strategic points along the River are being heavily guarded in order to intercept the stray bands of the Reds and to prevent them from joining their main force.

NEW COMMANDER FOR KWEICHOW ARMY

Following the resignation of General Wang Chia-lieh as Commander of the 25th Army, General Mao Kwang-hsiang, a veteran military leader in Kweichow, will be appointed as his successor, according to a Canton report.

The Provincial Department of Civil Affairs for Kweichow is arranging to divide the province into 11 administrative areas. With the approval of General Chiang Kai-shek, the Special Administrative Commissioners will be selected from the provinces of Kiangsi and Anhwei and transferred to Kweichow.

REPORTED PROGRAM OF COMMUNISTS IN SZECHUAN

The *Ta Kung Pao*, Tientsin, reported May 11 that the following program has been decided upon by the Communist leaders in Szechuan.

(1) They will capture the districts of Kiangyu, Changmin, and Pinwu, create a new base in north Szechuan, then invadq Sungpan, Lifan and Mohsien.

(2) They will either enter the region of Kansu along the Chialing River, in order to secure international support.

(3) They will return to the district of Nankiang to maintain their old base in eastern Szechuan.

The members of the main body of the Communists under Hsu Hsiang-chuan are gathering in the areas of Chungwayen, Tsinlinkow and Chenchiapa. Their headquarters, grain and ammunition supplies, are concentrated in Chunghwayen. More than 30,000 people who have been forcibly recruited by the Communists, will be organized as Red Guards.

REDS BESIEGING HWEILI REPULSED

The city of Hweili, in the extreme south-west of Szechuan, has been besieged for eight days and nights by remnant "Reds" entering from northern Yunnan. The Brigade under Major-General Liu Yuan-tang, which is defending the city, has been putting up a gallant resistance against the furious assaults, repulsing every attack of the "Reds." Failing to seize the city, the "Reds" are reported to be preparing to head north-westwards for Sichang (Ningyuan), 100 miles north of Hweili.

The "Reds" besieging Hweili have moved northward after failing to take the city. They are now sandwiched between the Szechuan-Hsikang forces under General Liu Wen-hiu, Defence Commissioner for the Szechuan-Hsikang border, in the north, and the combined Central Government and Yunnan troops in the south. The latter units, crossing the Kin Sha Kiang (River) from northern Yunnan, are pressing on the outlaws and driving them northward. The "Reds" between Hweili and Sichang 100 miles north of Hweili number from 6,000 to 7,000.

HWEIPI SAID CAPTURED BY REDS

After capturing the cities of Hweili and Hosi about 10,000 Communists under Lin Piao and Lo Pingh-wei in west Szechuan occupied Sichang on the morning of May 5th, according to *Kung Shan Tih Pao*, Hongkong, May 8. Large part of the Communists as well as outstanding members of the Central Soviet headed by Chu Teh and Mao Tse-tung entered the city of Sichang, the paper added.

Fighting has been raging for the past two days (May 13 and 14) at Tumen, situated between Anhsien and Mienyang, on the western bank of the Fow River in north-western Szechuan, — between units of the 1st Route Army under General Teng Hsi-hou, and 4,000 "Reds", according to a military dispatch from the front.

Launching an attack on the Szechuan troops from Peichuan, on May 12, the "Reds" clashed with two Szechuan brigades. Bitter fighting ensued and continued up to the morning of May 14, when 600 hundred were made captives.

REDS ATTEMPT TO PENETRATE SUNGPANG

A communique received at Chunghing from the Mienyang front states that units of the 30th Communist Army during the past few days launched repeated attacks on the Government garrison at Mukuateng and Huyakwan (pass) in north-western Szechuan, but the attacks had all been successfully repulsed. According to confessions made by the Red captives, the Communists are actively attempting to penetrate into Sungpang and Lifan in the extreme north-west of Szechuan near the Hsikang border.

SZECHUAN GENERAL REPRIMANDED

For his slowness and delay in the transfer of troops, General Teng Hsi-hou, Commander of the 1st Route Szechuan Army, has been reprimanded by General Chiang Kai-shek. General Teng's units have been engaging the remnant "Reds" under Hsu Hsiang-chen in north-western Szechuan. Recently, in view of the strategic importance of Nowhsien, General Chiang repeatedly ordered General Teng to reinforce the local garrison but this has not yet been complied with. Vice-divisional Commander Tao Kai of General Teng's forces has also been dismissed for lack of vigor in prosecuting the campaign which has resulted in loss of territory.

GENERAL LIU HSIANG IN CHENGTU

General Liu Hsiang, Chairman of the Szechuan Provincial Government, arrived at Chengtu by airplane from Chungking May 20. It is understood that his trip is for making the necessary preparations for the removal of the seat of the provincial government back to Chengtu following the disappearance of the bandit menace.

WAR MINISTER IN TAIYUAN TO DISCUSS ANTI-RED PLAN IN SHENSI

General Ho Ying-chin, Minister of War and Chairman of the Peiping Branch of the Military Affairs Commission, arrived at Taiyuan from Peiping May 20. In an interview, General Ho said that the bandit situation in northern Shensi is very serious. Most of the villages in Chengmu, Fuko, and Hsiahsien, in northern Shensi, are occupied by bandits under the notorious Liu Tzu-tan and Shih Wen-hua. Recently, a small garrison force stationed between Chingchien and Anting, encountered a large horde of bandits, and sustained some losses. If the brigands in northern Shensi are not immediately suppressed, their evil influence may extend to an even wider area. In order to save northern Shensi from further molestations, General Ho added, he has come to Taiyuan to discuss with General Yen Hsi-shen effective measures for the suppression of the bandits.

COMMUNISTS RAVAGE EAST KWANGTUNG DISTRICTS

With modern arms and steel helmets, the Communists under Chow Li-hang are ravaging the districts of Chaopin and Fenghwan in eastern Kwangtung.

Recently some 300 Reds invaded several villages in the district of Chaopin, and confiscated all property belonging to the wealthy. Communists are advancing towards areas of Chuisa, on the border of Chaopin, Tapu and Fengshun, from Fenghwan, according to *Kung Shan Jih Pao*, Hongkong.

ANHWEI COMMUNIST LEADER CAPTURED

The capture of Ning Chun-sheng, so-called Chairman of the Presidium of the Southern Anhwei Special Area Revolutionary Committee, is reported in an official telegram received from Major-General Sun Yuan-liang, Commander of the 88th Division, by the Provisional Headquarters of the President of the Military Affairs Commission at Wuchang.

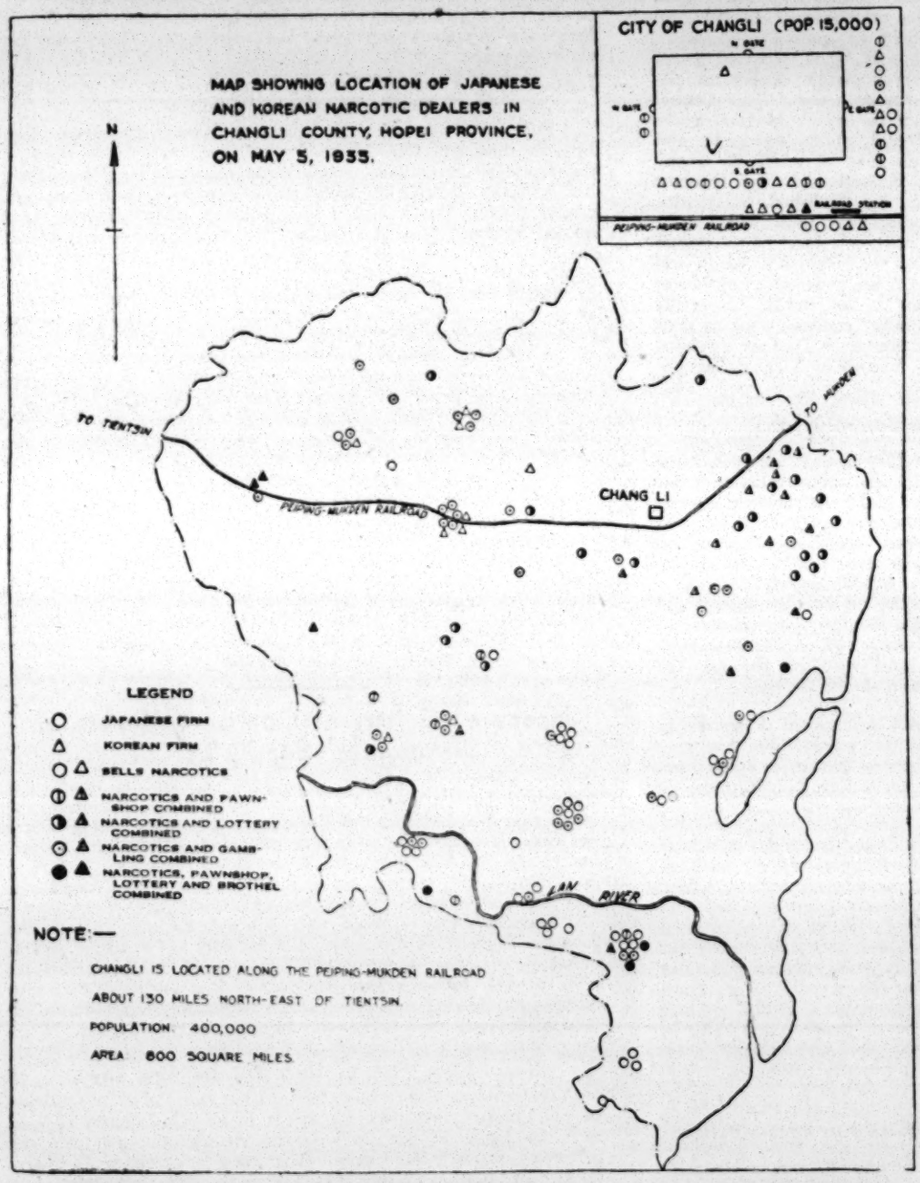
TAI CHI-TAO RESIGNS AS EXAMINATION YUAN PRESIDENT

Pleading ill-health, Tai Chi-tao, President of the Examination Yuan, has tendered resignation from his post to the Central Executive Committee of the Kuomintang and the National Government. It is understood that his resignation has been rejected by the Central Authorities and he has been persuaded to remain in the post.

Appalling Opium Situation in Manchuria Revealed in Bulletin Issued at Geneva

Manchukuo bulletin No. 67, issued over the signature of the Changchun Foreign Office under date of January 29 made public at Geneva, May 15, shows that of the 900,000 opium smokers in Manchuria, only 82,600 hold smoking permits. This means that of the total 1,642 tons of opium, estimated consumed annually by the total number of smokers, only 151 tons, consumed by the less than 10% licensed ones, are controlled by the authorities, while the rest 1,491 tons escape control. The bulletin further reveals that of every 1,000 people of the entire population in Manchuria, seven are addicts of manufactured drugs. The total number of these addicts is now about 210,000, whose annual consumption of drugs is estimated at 30 tons.

JAPANESE DOPE TRADE IN ONE NORTH CHINA CITY



This map, based on authentic records, shows the extent of the Japanese drug traffic in one small hsien or county within the so-called demilitarized zone in North China. An inspection of the map will indicate the extent of the traffic in the Changli area, located on the Peiping-Mukden railway a short distance to the north of Tientsin. The matter of the Japanese fostered narcotics trade in this area was referred to in articles which appeared in "The Review" on April 13 and 27 and also in the article which accompanies this map.

Victor Hoo Stresses Need of Cooperation in Opium Suppression

At a meeting of the League's opium sub-committee in Geneva, May 16, Victor Hoo, the Chinese delegate, stressed the importance of co-operation between the Chinese and Japanese authorities in opium suppression work in North China. Mr. Hoo expressed his satisfaction that pursuant to arrangements made between the Chinese and Japanese authorities in Peiping, Japanese drug traffickers there have been expelled, and hoped that similar arrangements might be extended to Tientsin, where illicit traffic in narcotics has become most notorious.

Despite objections raised by the Chinese delegate, Dr. Victor Hoo, the Opium Seizure Committee of the League of Nations May 20 decided to invite a Japanese representative to attend, in an unofficial capacity, the session of the Committee. The Committee also decided to ask the League Council to invite the collaboration of Japan in future on the old basis. Dr. Hoo made a reservation, saying that the Council's attitude could not be prejudged, but he would welcome Japanese collaboration. He questioned, however, whether a state which had left the League as Japan had done, was legally entitled to collaborate in its work.

A Geneva message May 18 stated that the Chairman of the League's Opium Sub-Committee and the representative of the U.S.A. expressed appreciation of the efforts made by China in combating the drug evil.

General Hsiung Threatens Death Penalty for Opium Addicts in Kiangsi

Determined to rid Kiangsi of the opium curse, General Hsiung Shih-hui, Chairman of the Kiangsi Provincial Government last week issued an order, enjoining that all drug addicts in the province must cure themselves of their habit before the end of the year, or otherwise the death penalty shall be meted out.

Convicted on the charge of trafficking in narcotic drugs, Chow Lu-tseng, a dope dealer was shot at the Hsiewangchuang execution ground Tientsin, May 16, by order of the Tientsin Municipal Government.

New Lottery for Drug Clinic in Tientsin

The Tientsin municipal authorities have decided to issue a new lottery, the net profit of which will be used for the extension of the drug addicts treatment clinic.

Japanese Member of Control Board Describes Manchukuo Opium Policy

Professor Miyajima, member of the Permanent Opium Control Board, who visited Manchuria in May, 1934, presented a report on the opium policy in Manchukuo at Geneva May 20. The following are the principal points covered in his report.

The large production of opium in Jehol, which formed part of the present Manchukuo territory, has existed for ages, although the probable date of the introduction of the poppy cultivation in that region remains obscure. When China proper prohibited the opium production in her territory the poppy cultivation in Jehol was not officially permitted but as it was a remote territory the regulation was not enforced, and a large quantity of the opium production continued as before. After the Ting Dynasty, the Republican Government sent in 1913 as Governor of Jehol, Chiang Kuit-ti, who encouraged the farmers to plant poppies for opium production in order to yield a large amount of revenue for military expenditure, in spite of the prohibition regulation of the Central Government. All the governors who followed did the

same, and particularly the last one, Tang Yu-lin. Chang Hsiu-liang followed the opium policy of Tang and established the so-called anti-opium regulations in the province of Fengtien, and thereby forced farmers to cultivate poppies, and a tax was collected under the term of "fine" of 30 yuan dollars for every mow planted. When the influence of the Nanking Government was extended over Manchuria the prohibitions of the Central Government were to be nominally enforced, namely all those who violated the provisions of Chapter 10 of the Criminal Code of the Republic, which provided to prohibit smoking, import, export or sale of smoking apparatus and opening opium dens as well as to cultivate the poppies, were to be punished with a maximum fine of 1,000 yuan dollars. Those regulations have never been enforced effectively and opium was smoked everywhere, and an extensive use of the narcotic drugs became rampant among the population.

In view of the deplorable effect of opium on the population and consequent danger to the national foundation, Manchukuo issued, soon after it proclaimed its independence in 1932, an opium law establishing an opium policy of gradual suppression. It is provided that no opium can be sold by the licensed opium retailer unless the purchaser possesses a permit; under no circumstances is a minor permitted to smoke opium. The Central Monopoly Bureau manages an opium factory in Mukden where all the opium purchased is delivered, then examined; and standard opium is produced. The districts in which the poppy may be planted and their areas are determined by the Director of the Central Monopoly Bureau and are published. The cultivation of the poppies in districts other than those which have been designated is prohibited. The principal object of the opium legislation is to give medical care to the habitual smokers and prevent the spread of this habit to other persons. Punishment against the violators of the opium law is very severe, especially towards those who carry on illicit traffic, conduct smoking dens without license or illicitly cultivate the poppies. They are punished by hard labor up to 5 years or a fine up to 5,000 dollars or both.

A Situation That Has Been Altered

The Manchukuo Government in 1934 severely restricted the area for cultivation of poppies although the poppy cultivation had been extended to the whole territory under the ancient regime. When the Government established the monopoly system it was commonly believed that the Government encouraged the cultivation of the poppies, as one saw poppies along the railway tracks. This cultivation was done by ignorant inhabitants who misunderstood the real object of the opium policy of the Government and planted poppies along the railway zones, which they considered to be safe from bandit attacks. This has attracted a considerable attention from the casual observers who travelled through the country by rail. This situation has been altered this year.

A total area covering about 71,400 hectares is designated as the territory in which the poppies may be planted but this does not necessarily mean that the whole area is utilized for cultivation. Actually about one-fifth of that area, about 200,000 mow or about 13,000 hectares, is estimated to be planted.

The situation of Manchukuo is not the same as that of Formosa; that is, the opium is not only produced in the territory, but is is also produced in the adjacent territories. Futhermore a large number of the inhabitants are not enlightened. In this circumstance the object of the opium law cannot be attained in one day. Since the fundation of the new nation order has been largely restored, but there is still a great number of bandits in the frontier territory which endangers the order of the community. The presence of bandits in various parts of the country materially facilitates the illicit cultivation of poppies and traffic in opium. Many factors combined make the enforcement of the opium law and the working of the monopoly system extremely difficult.

Hasty Enforcement Might Bring Failure to Opium Policy

Indeed the present opium policy may become a complete failure if it i hastily enforced as it is the experience of other countries, that opium smokers may become drug addicts. For these reasons it is necessary that the first step for the success of this policy be to control the illicit traffic in opium and give a relief to the habitual smokers by prescribing them an opium superior to the adulterated brand and gradually bringing all the opium addicts under registration.

The Department of Civil Administration of the Government of Manchukuo issued in November 1933 an Ordinance for the establishment of Clinics for Treatment of Addicts. In Hsinking and in Mukden such clinics have already been established while in order important centers of the country the required facilities are added to the hospitals already in existence. In addition medical experts and special staffs are appointed for the purpose and they are attached to the clinics and to the hospitals where clinical facilities are found for both compulsory and voluntary treatments.

A.P.C. to Transfer Manchukuo Rights to British Rising Sun Co.

Rengo states that all trading rights, including the existing business establishments in Manchukuo and in the Kwantung leased territory, of the Asiatic Petroleum Company, will be transferred to the Rising Sun Petroleum Co., Japanese registered subsidiary of the Anglo-Dutch-Shell group. The Rising Sun Petroleum Company has already complied with all necessary requirements for the establishment of a branch in Dairen, preparatory to taking over the business of the Asiatic Petroleum Company in Manchukuo. This transfer, it is stated, will not result in the withdrawal of British oil interests, from Manchukuo, but merely will bring about a change in those handling the business. The American oil firms, the Standard Vacuum Oil Company and the Texas Company, it was predicted, would follow the A.P.C.'s action and seek to consolidate their position by letting their business be handled in Manchukuo by their Japanese branches. The Asiatic Petroleum Company has been in business in Manchukuo for about 30 years.

Japanese Say Threat of Foreign Companies to Withdraw Oil Stocks Is Only a "Gesture"

Following announcement that the Asiatic Petroleum Co., Ltd., the Standard Oil Co. and the Texas Oil Co., in view of the impossible conditions created by the Manchukuo oil monopoly, had virtually decided to withdraw all stocks of petroleum and crude oil from Manchukuo, a high Japanese official in Tokyo was quoted by *Rengo* May 17 as saying that the projected measure of the three oil companies was a mere gesture. The only consequence of the enforcement of the monopoly law in Manchuria, he said, is that the foreign oil companies will not profit as much as they used to on account of the imposition of import quotas on crude oil, but there is still plenty of room for a compromise.

A Tientsin message to the *China Times*, however, said the Manchukuo authorities are much worried about the move by the American and British oil companies to withdraw their supplies.

The Tokyo *Hochi* May 2 published a report received from Harbin that since the oil monopoly was enforced by Manchukuo on April 1 the amount of oil sold in that district amounted to some 2,500 cans of gasoline, 5,000 cans of petroleum, 300 cans of heavy oil, and the amount of oil already earmarked amounted to 9,000 cans of gasoline and 12,000 cans of petroleum.

Complete closure of the Mukden branches of the Standard Vacuum Oil Company, the Asiatic Petroleum Company and the Texas Oil Company was predicted in a *Rengo* message May 13. Most of the employees of the Standard Vacuum office had already left Mukden on May 8 for Dairen en route to the United States. The *Asahi* said the Standard-Vacuum would maintain no other office in Manchuria except at Dairen.

Japanese Ministry of Commerce Insists on Six Months' Supply of Oil

As regards the protest of foreign oil concerns against the stipulation that six months supply must be stored in Japan, the *Asahi* May 8 stated that the Ministry of Commerce and Industry not only considers the six-month obligation as just and proper, but cannot do otherwise than pursue its strong policy because a reduction in the storage amount at this time would wreck the very life and spirit of the Oil Industry Law.

The *Hochi* May 4 stated that although the authorities of the Japanese Ministry of Commerce and Industry are devising various measures to bring about a self-sufficiency in oil in accordance with the Oil Industry Law, they regard it as inevitable that with oil resources lacking in Japan, said country should set up an oil refining industry on a firm basis and refine imported crude oil in the country instead of importing refined oil.

Korea Now Also to Have Oil Industry Law

The Korean Government-General has decided to promulgate an Oil Industry Law after the pattern of the Oil Industry Law in force in Japan Proper in order to exercise control over the petroleum industry in Korea. The inaugural meeting of shareholders of the new Korea Oil Company, Ltd. will take place May 26, at Seoul, with four persons on the Japan Proper side and twelve on the Korea side, composing the board of directors. The establishment of the oil company with a capital of Yen 10,000,000, of which one quarter is to be paid up, is under the sponsorship of Mr. Hashimoto, President of the Japan Oil Co. Under the Oil Industry Ordinance, the company has the obligation to hold a fixed quantity of oil in reserve.

Next War Will Defend Standard Oil's Interests Against Japan, Says American Pacifist

Waldo McNutt of New York, the organizer of the American League against War and Fascism told the Pacific Coast Congress against War and Fascism that the gathering of the Congress at San Francisco, April 28, was particularly important "because the next war will be fought in the Pacific. It will be fought to defend the Standard Oil Company's interests in China against the menace of Japanese expansion and against Japan's so-called Monroe doctrine in Asia."

The "Planned Economy" of Manchukuo Plays Into Hands of Favored Capitalists

(By The Review's Harbin Correspondent)

THERE seems to be something amiss in the "planned economy" of Manchukuo, for the present results of it are anything but satisfactory. It should have resulted in perfect harmony of the economic relations between Japan and Manchukuo, or—as they term it—in ideal Japan-Manchukuo economic "bloc". The first admission of a discord in the lute was made, it should be remenbered, by no less an authority than the Japanese Finance Minister, K. Takahashi, himself, who warned his nationals not to hurry up with investments in Manchukuo, lest it should damage the financial foundation of Japan. Following it, there were made several interesting inquiries in the Diet about the present economic relations between Japan and Manchukuo. K. Kobayashi, M. P. (Seiyukai), is reported to have stated at the meeting of the Tariff Revision Commission to the effect that, of late, competition of Manchurian industries, developed since the birth of Manchukuo, has become so pressing in Japanese markets as to endanger certain basic Japanese industries, and urging the Committee to devise means of protecting the threatened industries. As an instance of such dangerous situation, he pointed out the inroads of coal, iron, and sulphate of ammonia into Japanese markets, seriously depressing general conditions therein.

This situation calls for a closer study. The "planned economy" now being applied in Manchuria, is a distinctly Japanese device, hatched in the depths of the Special Department of the Kwantung Army in 1933, and embodies the ideas and conceptions of the Japanese military leaders in respect of the realities of the present day economic life. Therefore, there is a close relationship between the ideas, set forth in the well-known pamphlet of the War Ministry, which made so much stir in the Japanese and foreign circles by its too evident "radical" views on modern society, and the "planned economy" of Manchukuo. Viewed form this standpoint, the "planned economy" of Manchukuo should be considered as an attempt to put the economic schemes of Japanese military leaders into practice, first, at least in Manchuria, where their authority is supreme and unquestioned by any earthly or "heavenly" power!

In order to understand what the "planned economy" of Manchukuo looks like and how it should be useful for building up Japan-Manchukuo "bloc", it is needful to revert to a very interesting document, embodying all its ideas and principles, the so-called "General Outline of Ecomomic Construction Program of Manchukuo", promulgated by the Changchun "Government" on March 1, 1933 (a full text thereof may be found in the *Manchukuo Year Book*, 1934). Every one, interested to know what "state socialism", or "national socialism", modeled in a truly Japanese manner, looks like, should study this document.

It begins with a statment that "in order to avoid the baneful effects which capitalism, when unbridled, may exert, it is necessary, in constructing our (i. e. Manchukuoan) economy, to apply a certain amount of national controal thereto". It states further that, in this way "the economic life of the great mess of citizens will be enriched and rendered secure, the standard of their life will be elevated, the country's power strengthened". To attain these objectives the document set forth the following four basic principles for controlling the "nation's" economic life :—

The Four Foundations of Controlled Economy

(1) That efforts shall be made "to prevent any exclusive class of people from monopolizing the benefits of the exploitation of natural resources and the development of industries", with a view to "enabling all to enjoy the benefits of such development".

(2) That the national control shall be exerted over important economic activities, and measures for their rationalization devised.

(3) That "the principle of the Open Door and Equal Opportunities will be observed" and that "capital investment from various parts of the world will be invited".

(4) That "the emphasis will be placed upon securing cooperation between the two nations(i. e. Japan and Manchukuo) thereby rendering more intimate the relationship of mutual assistance—(evidently, herein lies the foundation of Japan-Manchukuo "bloc").

Having thus enunciated the basic principles of "planned economy" and its offspring, "the bloc", the social reformers of the Kwantung Army set forth two "means" of attaining these objectives, viz. (1) That all important enterprises, necessary for national defence, or which, by their nature, are public utilities, will be conducted under officia!, that is, governmental, management, or by specially chartered companies, and (2) that the industries or resources not included in the foregoing category will be left to the free management of private persons or corporations.

At first sight, the plan looks superb. But, on closer examination, the inherent hypocrises and contradictions of the plan become clearly apparent. In the first place, how could the idea of controlling economic activities of a nation possibly be brought in harmony with the principle of the Open Door and Equal Opportunities? The control, whatever may be its form or purpose, presupposes the curbing of human activities in some form or other, hence both the ideas of "planned economy" and the Open Door contradict each other. When one sets about controlling economic activities of a nation, he begins, so to speak, "to open the Door or to shut it", as he sees fit, regulating said activities. Hence, the promise of the puppet Government to preserve the principle of the Oper Door and Equal Opportunities should be considered as ill-conceived and veiled subterfuge, misleading none.

The reader will have paid due attention to the opening sentence of the above-quoted document, reading: "In order to avoid the baneful effects which capitalism, when unbridled, may exert, is is necessary, in constructing our (i. e. Manchukuoan) economy, to apply a certain amount of national control thereto". To an average reader, it would appear that the Japanese generals, now yielding the "heavenly" power in Manchuria, have evolved a new system of national economy, not unlike the system, existing now, say, in Soviet Russia, where the State controls and manages every economic ctivity, whatever may be its form or purpose.

A closer examination of the workings of this system reveals, however, that, here, we have another case of poorly veiled subterfuge. It reveals that the system of "controlled economy" is nothing but a shield, covering the familiar figure of a Japanese capitalist, who, for some purpose of his own, had thrown over himself a purple toga of "state socialism" or "national socialism", modelled after the Japanese manner.

That such is the case is evident from the fact that every principal industry in Manchuria is nowadays financed and controlled by the South Manchuria Railway Company, which in fact, has become a monster holding company, spreading its influence over all economic and industrial activities in Manchuria. It is a semi-government institution, wherein half of all shares are alleged to belong to private holders, foremost amongst whom come, as a matter of course, the Mitsuis (the age-long money leaders to the Imperial and the Tokugawa families), the Mitsubishis (exclusively controlled by the Iwasaki family), the Sumitomos (the well-known Osaka magnates), the Yasudas, the Okuras,the Kuharas, and a few more strictly limited family groups, all holding the controlling blocks of the Company's shares, and, besides, yielding uncontested political power over it (the readers, interested to know more of the influence of the family groups in Japanese political, economic and even military affairs are advised to read a very authoritative article by Y. Tachibana, reproduced by *The Review* in the issues for April 14 and 21, 1934). These family groups certainly welcome and encourage the spreading of the Company's influence over all economic activities in Manchuria, inasmuch as through the S. M. R. and its multi-sided investments they become virtual monopolists in certain lines of industrial and economic activites in Manchuria, keeping the foreign, Chinese and, in some respects even Japanese, rivals out of doors, so to speak. Thus, it seems to be evident that "planned economy" and its offspring, "the bloc", is but a poorly devised guise shielding unbridled Japanese capitalism. In a sense, it is a sort of mimicry, taken by capitalism in this age of anti-capitalist outcries. Instead of being "bridled" and otherwise "curbed", Japanese capitalism finds itself now more enhanced and protected in Manchuria than, perhaps, in Japan itself.

Generals Play Into Hands of Capitalist Class

The most significant side of it is the fact that all these experiments are being carried out in Manchuria by the Japanese generals, in the name of common good and happiness, "to prevent any exclusive class of people from monopolizing the benefits of the exploitation of natural resources and the development of industries". At first sight, it looks as though it was the intention of the Japanese generals to divorce themselves from the family groups, with which they are inseparably allied, but on a closer examination, it appears that they, instead, have enhanced and protected the interests of these groups in the newly conquerred country. The bulk of the Japanese nation—the farmers and the laboring classes—seem to be the last to benefit, if ever, by this conquest.

From the foregoing remarks it appears that Manchurian industries are divided into three distinct classes, namly, State-owned, controlled, and free (cf. the *Manchukuo Year Book*, 1934). The facilities of communication, as railways, highways, waterways, airways, telegraphs, telephones and radio stations, being regarded inseparable from national defence, constitute a special class, wherein the military power is evident as nowhere else. All these facilities are managed by specially created bureaus and companies, all subordinate to the Communication Section of the Staff of the Kwantung Army. In this field, the Manchukuo Government has no voice whatsoever.

As said, all other industries, in respect of their relation to the State, may be divided into three different classes : lst class, industries

under official management or run by specially chartered companies, which are, in fact, State monopolies; 2nd class, industries under private management, but under the control of the Government, and 3rd class, free industries. The list of all these industries, except means of communication, follows:—

1st Class, State-owned Industries (monopolies)

Iron and Steel Liquid Fuel Electricity Coal Gold Sulphate of Ammonia Soda Salt Aluminum Magnesium	All financed and controlled, either in part or in full, by the S. M. R. Co.

Ordnance and Explosives (in the Mukden Arsenal)

Matches Weights and Measures Opium	Run by the Government

2nd Class, Private Industries, but under State Control

Cotton Yarn and Fabric Industry	Flour
Alcohol	Sugar
Cement	Motor Car Manufacturing
Pulp	Machine Manufacturing

3rd Class, Free Industries: Rice, beer, tobacco, pottery, paint, confectionery, perfumery, footwear, etc.

This classification seems to be only tentative, for State ownership and control tend to expand and multiply, contracting the number of remaining "free" industries. Thus, cotton spinning, wherein the Mitsuis have, through the Kanegafuchi Corporation and the Shanghai Mills, controlling power (cf. The *Industrial Supplement* of the *Osaka Mainichi* for November 29, 1931), tends to become a Government (that is, the S. M. R.) monopoly, rather than to remain a private industry. Under this policy of the Kwantung Army (there is no "Manchukuoan" policy as such), it has become increasingly clear that foreign capital and initiative have no field of operation in Manchuria at all; it might have found some application in the 3rd class of "free" industries, but the Japanese competition is so strong here that no foreign investor has ever tried it. As regards the lst and 2nd classes, it should be said that, simply, no permission will be given the foreigners or the Chinese to invest in industries coming under these categories. Therefore, as far as it concerns the foreigners and the Chinese, the Manchurian "door" seems to be tightly shut; thus they had better not attempt to open it.

What Is the Purpose of the "Economic Bloc"?

In the light of recent developments of Japanese policy in Manchuria, it has become increasingly difficult to understand what the Japan-Manchukuo "bloc" means, after all. Perhaps, the Japan-Manchukuo Economic Commission to be established soon in Changchun, will clear up doubts existing in this respect. At first, it was thought that the "bloc" meant the running of economic activities of both nations in such a way that they would supplement each other, preferably by converting Manchuria into one vast area of raw materials, necessary for Japanese industries. It was understood that, under this plan, Manchuria would remain an agricultural country, rather than to become industrial. But, of late, the exigencies of national defence (or aggression? who knows) have considerably changed this conception, so much so that that the industries, more or less related to national defence, are being openly encouraged, even though they would duplicate or overlap similar industries in Japan Proper. The result of this changed conception of the "bloc" has been the ever-increasing competition of certain Manchurian industries with those of Japan, about which complaints are being heard in Japanese official and financial circles.

If the "bloc" does not work as it should have worked, and if, on the contrary, it tends to undermine the foundations of Japan's economic life, it is a very serious problem, undoing the whole business of conquest set in motion by the Army since 1931. Though Kinuji Kobayashi (Seiyukai), cited coal, iron, and sulphate of ammonia as prinicpal Manchurian products competing on Japanese markets (presumably on the foreign markets, too), they do not by far constitute the most important articles, the undue development of which is selmingly serving as a monkey-wrench thrown into the smooth run of the "bloc's" machinery. In fact, every line of industry developed in Manchuria, happens to thwart in some way or other the interests of Japanese industrialists and raises grave problems as to how these industries should be rationalized so as not to affect both capital and labor in Japan itself. Below are cited, by way of illustration, a few Manchurian industries the development whereof seems to be not in keeping with the aims and purposes claimed for Japan-Manchukuo "bloc:".

(1) *Cotton Spinning and Weaving.* To an ordinary man, not versed in the aims of the economists of the Kwantung Army, it should appear simpler if Manchuria would look for supplies of its cotton textiles to Japan, where this industry has reached wonderful development. Yet, the interests of textile kings seem to be stronger than common sense in that there is every tendency to develop this industry in Manchuria, as well. There is, of course, no saying that Manchuria will ever be permitted to take care of its own requirements in this field, but, with the low demand coming from the peasantry, constituting 90 per cent. of the population, it is reasonable to believe that the local mills will be able to supply a good part of coarse stuff, into which these peasants are habitually arrayed.

Chief attractions for Japanese cotton spinners to develop this industry in Manchuria are cheap labor (cheaper than in Japan) hurdling the Manchurian customs barrier, considerations of freight charges, and cheap raw material, though it serves only as admixture to the foreign yarn. That there is a growing demand for foreign raw cotton, to be turned into finished goods by mills in Manchuria, seems to be evident from the recent statistics, which showed that the value of raw cotton imported in 1934 was Yen 12,283,717 against Yen 11, 046,717 in 1933.

(2) *Cement.* This is one of basic industries of Japan, she importing not a single barrel of cement from abroad. This is due to the abundance in Japan of limestone and clay, which are the principal components of cement. In recent years, the imports of cement from Japan into Manchuria have reached quite considerable figures, yet according to a *Kokutsu* message of February 12, 1935, it will soon cease entirely, the country becoming self-supporting in this respect. On the contrary, measures will have to be devised to prevent Manchurian cement from finding its way to Japan. This situation is not likely to remedy the overproduction from which the industry is reported to be suffering.

(3) *Sulphate of Ammonia.* This is one of the well developed industries of Japan. The *Japan Year Book*, 1934, p. 665, claims that Japan has become absolutely self-supporting in respect of this commodity. Yet, the S. M. R. takes special pains to develop this industry in Manchuria, as well (probably because of its importance for defence purposes). The newly opened plant at Kangchingtzu (Dairen) is estimated to turn out about 180,000 tons of sulphate of ammonia in a year, whereof 120,000 tons will be imported into Japan, the balance being imported into Korea and Formosa.

(4) *Wheat Flour.* The situation with this commodity is especially interesting. Contrary to a general belief, Manchuria does not produce enough wheat to meet the domestic demand, hence she has always looked for supplies to other countries. Japan is one of her larger suppliers of wheat flour (in 1932 she exported to Manchuria 2,076,000 bags of flour, almost 20 per cent. of her entire export of this product). However, it would be incorrect to say that Japan is a wheat-producing country; nay, her role is that of an intermediary; she imports wheat from the U. S. A., Canada and Australia, turns it into flour and resells it to China and Manchukuo. In the light of this situation, it would be saner to mill Manchurian wheat, the growth wherof is being encouraged by all means, in Japan and re-ship it as flour to Manchuria, but the contrary seems to be the case in Manchuria, where there is every sign of developing the flour milling.

There are many other articles, as rice, beer, sugar, paints, and so on, the manufacture of which in Manchuria is likely to hamper the industries in Japan, raising the grave problems of employment and capital returns, and which cannot be dealt with here. These evidences seem to be enough to show that "planned economy" of Manchukuo and its offspring-Japan-Manchukuo economic "bloc"—are devices not easy to handle and that they constitute no panacea for solving the multi-sided Japanese problems. Instead, they seem to undo the aims and purposes embodied therein by their creators.

Harbin, May 10, 1935.

Legislative Yuan Adopts Simplified System of Life Insurance

The introduction of a simplified system of life insurance to be operated by the State for the benefit of workers and people of modest means is provided in a new Law governing Simplified Life Insurance adopted at a meeting of the Legislative Yuan last month. According to the Law, the new enterprise is to be exclusively State-operated, and no insurance company will be allowed to undertake this kind of business. The system will be instituted by the Directorate-General of the Postal Remittances and Savings Banks, which is a subordinate organ of the Ministry. The amount of insurance must be between $50 (minimum) and $500 (maximum). All citizens of the Republic between the ages of 12 and 60 are entitled to take out policies. Applicants will not be required to undergo any medical examination. Policies will be of two kinds: namely, the ordinary iife policy, under which the amount insured will be payable on the death of the insured, and the "endowment" policy, under which the amount insured will be payable on the expiry of a prescribed period, or on the previous death of the insured.

CHINESE RAILWAYS

SHANGHAI-PEIPING THROUGH EXPRESS.
(Connected with N.S.L. Nos. 301 & 302)

TIME ARR.	TIME DEPT.	STATIONS	TIME ARR.	TIME DEPT.
20.45	21.25	PUKOW	1.20	1.40
16.54	16.57	LINHUAIKWAN	5.40	5.43
16.04	16.19	PENGPU	6.19	6.34
13.52	13.57	NANHSUCHOW	8.45	8.50
11.50	12.05	HSUCHOWFU	10.50	11.10
10.02	10.17	LINCHENG	13.00	13.15
9.13	9.16	TENGHSIEN	14.06	14.09
7.40	7.55	YENCHOWFU	15.36	15.56
7.15	7.18	CHUFOU	16.21	16.24
5.34	5.42	TAIANFU	18.05	18.20
3.25	3.45	TSINANFU	20.12	20.42
2.03	2.13	YUCHENGHSIEN	22.05	22.15
0.24	0.39	TECHOW	23.55	0.25
22.37	22.47	POTOUCHEN	2.12	2.22
21.36	21.46	TSANCHOW	3.16	3.29
18.30	18.40	TIENTSIN (C)	6.40	7.00
17.59	18.20	TIENTSIN (E)	7.10	7.35
—	15.05	PEIPING	10.29	—

PEIPING-HANKOW RAILWAY.

14.05	PEIPING	22.00
13.27	CHANGSINTIEN	22.43
9.54	PAOTUNG	2.23
5.50	SHIHCHIACHWANG	6.28
2.19	SHUNTEH	10.01
19.27	SINSIANG	16.45
16.43	CHENGCHOW	19.26
13.59	HSUCHOW	22.08
12.16	YENCHENG	23.51
9.58	CHUMATIEN	2.34
6.16	SINYANG	6.01
3.36	KWANGSHUI	8.36
22.45	KIANG AN	13.15
22.30	HANKOW (Tachimen)	13.25

PEIPING-SUIYUAN RAILWAY.

TIME ARR.	TIME DEPT.	STATIONS	TIME ARR.	TIME DEPT.
9.30	—	HSICHIMEN	—	16.48
8.06	8.16	NANKOW	18.07	18.17
—	—	CHINGLUNG-CHIAO	—	—
1.52	2.07	KALGAN	0.30	0.45
19.34	19.49	TATUNG	7.01	7.21
15.48	16.03	PINGTICHUEN	11.04	11.19
10.56	11.16	SUIYUAN	15.42	16.02
—	7.00	PAOTAO	19.58	—

LUNGHAI RAILWAY.

5.15	—	HSUCHOWFU	—	21.10
0.57	1.17	SHANKIUHSIEN	1.16	1.56
20.47	21.07	KAIFENG	6.20	7.00
18.40	19.00	CHENGCHOW	8.49	9.09
14.45	15.10	LOYANG E.	12.53	13.23
9.30	9.55	SHANCHOW	18.30	18.55
—	6.10	TUNGKWAN	22.15	—

KIAOTSI RAILWAY.

7.35	—	TSINGTAO	—	21.00
5.48	5.50	KIAOCHOW	22.46	22.48
5.06	5.16	KAOMI	23.19	23.30
3.26	3.41	FENGTZU	1.01	1.16
3.03	3.05	WEIHSIEN	1.36	1.39
1.36	1.38	TSINGCHOW	2.55	2.57
28.59	0.01	CHOUTSUN	4.32	4.35
—	22.00	TSINANFU	6.30	—

CHENGTAI RAILWAY.

19.42	—	SHIHCHIACHWANG	—	7.58
18.14	18.16	TSINGCHINGHSIEN	9.27	9.29
16.00	16.15	YANGCHUAN	11.47	12.01
14.43	14.50	SHOUYANGHSIEN	13.50	13.53
12.40	12.49	YUCHIHSIEN	15.25	15.35
—	12.08	TAIYUANFU	16.07	—

SHANGHAI-HANGCHOW-NINGPO RAILWAY.

STATIONS UP.		Zku-Nkg Express R. Through	Express R.	STATIONS DOWN.		Express R.	Nkg-Zku Through Express R.
ZAHKOU	d.	7.45	17.30	SHANGHAI, N.	d.	7.50	15.00
HANGCHOW	d.	8.15	17.55	JESSFIELD	d.	8.07	15.17
CHANGAN	d.	9.06	18.53	SICCAWEI	d.	—	—
YEHZAH	d.	—	19.25	SHANGHAI, S.	d.	7.55	—
KASHING	d.	10.17	20.05	SUNGKIANG	d.	9.05	16.05
KASHAI	d.	—	20.31	FUNGCHING	d.	—	—
FUNGCHING	d.	—	—	KASHAI	d.	9.51	—
SUNGKIANG	d.	11.25	21.20	KASHING	d.	10.25	17.20
SHANGHAI, S.	a.	—	22.25	YEHZAH	d.	11.01	—
SICCAWEI	d.	—	—	CHANGAN	d.	11.34	18.25
JESSFIELD	d.	12.11	22.16	HANGCHOW	d.	12.31	19.20
SHANGHAI, N.	a.	12.25	22.30	ZAHKOU	a.	12.50	19.35

NANKING-SHANGHAI LINE.

STATIONS UP		Express R.	Thro. Exp. Zku-Nkg R.	S'hai-Peiping Thro. Exp. (No. 302) R.S.	Night Express R. S.	STATIONS DOWN		Thro. Exp. R. Nkg-Zku	Express R.	Night Express R. S.	Peiping-S'hai Thro. Exp. (No. 301) R.S.
SHANGHAI, N.	d.	8.00	13.00	16.05	23.00	NANKING	d.	8.00	17.00	23.00	24.00
NANSIANG	d.	—	—	—	23.33	CHINKIANG	d.	9.25	18.25	1.00	1.54
KUNSHAN	d.	9.05	14.15	—	—	TANYANG	d.	10.07	19.05	1.52	2.43
SOOCHOW	d.	9.50	15.00	18.04	1.13	CHANGCHOW	d.	11.01	20.00	3.05	3.51
WUSIH	d.	10.41	15.51	18.55	2.13	WUSIH	d.	11.52	20.55	4.07	4.48
CHANGCHOW	d.	11.45	16.45	19.53	3.13	SOOCHOW	d.	12.47	21.50	5.13	5.52
TANYANG	d.	12.33	17.36	20.43	4.23	KUNSHAN	d.	13.26	—	—	—
CHINKIANG	d.	13.16	18.20	21.34	5.14	NANSIANG	d.	—	—	6.54	—
NANKING	a.	14.30	19.35	22.55	7.00	SHANGHAI, N.	a.	14.25	23.30	7.20	7.55

NOTICE

1. Children under four years of age are carried free, children under twelve but above four years of age at half fares and children of twelve years of age and over must pay full fares.
2. For Local and Through Trafic, the following free baggage allowances will be granted to each passenger:—

   1st class passenger ..... 80 kilogrammes (142 catties)
   2nd class passenger ..... 60 Kilogrammes (100.5 catties)
   3rd class passenger ..... 40 Kilogrammes (67 catties)

   Half of these quantities will be allowed on each child's half ticket of each class respectively.
3. Any weight of baggage in excess of the free allowance will be charged at the rate for the minimum quantity of 20 kilogrammes (33.5 catties) of $0.002 per kilometre per unit of 20 kilogrammes.
4. In case of any holder of Local or Through ticket who abandons his journey en route and desires a refund on the unused portion of his ticket he must apply in person, and produce his ticket for endorsement to the Station Master where the journey is abandoned. Application for refunds must be made as soon as possible after endorsement and must in any case be made within TEN DAYS of the date of expiry of the availability of the ticket which has been endorsed.

The Tense Sino-Japanese Situation in North China

BY C. Y. W. MENG (孟憲彝)

THE coming of the American Economic Commission to China —the most important of its kind in Sino-American commercial history—and the Chinese nation-wide opposition against the American silver policy, together with the Chinese internal financial conditions have all worked to distract China's attention from the seriousness of the situation in North China, and also to divert the attention of the Chinese people away from the gravity of Sino-Japanese relations. Only a couple of weeks ago, or to be more exact, on May 4, the Japanese military authorities in Manchuria delivered an ultimatum to General Yu Hsueh-chung, chairman of the Hopei Provincial Government, threatening to take "appropriate measures" in the event that General Yu failed to comply with the Japanese "demands"—news which, for one reason or the other, was almost completely ignored by the foreign press, and was entirely unnoticed by the Chinese press. In order to have a better picture of the situation in the North, we have to study what is going on in Manchuria, because it is there where the Japanese "north China policy" is formulated and decided.

The Reorganization of Japanese Organs in Manchuria and the Situation

Before the outbreak of the Japanese offensive in Mukden on the fatal night of September 18, 1931, we heard very much about the "discrepancy" of the Japanese policy towards the Manchurian situation between the Ministry of War and the Colonial Office in Tokyo; and between the socalled Kwantung Army Headquarters and the S.M.R. (South Manchuria Railway) Administration, or put in other words, between the Japanese militarists and financiers. It was the inability to come to an agreement on policy that explains the reason why the Japanese invasion of Manchuria did not take place earlier than September 18, 1931. As soon as General Honjo took up his post as commander-in-chief of the Japanese Kwantung Army, when the Japanese militarists had apparently gained a more dominating position, the actual invasion and bombardment of Mukden began. After the occupation of Manchuria, the Japanese Manchurian policy of the Japanese authorities in Tokyo and in Manchuria again varied. According to General Araki, the then Minister of War, Japan should take advantage of the fact that the Second Five-Year Industrial Plan in Russia was not yet completed, to inflict a defeat on Moscow. But Gen. Muto, the then commander-in-chief of the Kwantung Army, and, concurrently, the Ambassador to Manchukuo, felt that Japan should go ahead to subdue China first, and then to go to war with Russia. So the Japanese invasion and bombardment of Jehol and NorthChina began. But General Muto's policy proved that Japan was only giving more time to Moscow to go on with the war preparations. Actually, after making some preparations, Moscow changed its policy towards Japan from "weak-knee" to "strong" policy. According to some very reliable reports, General Muto did not die a natural death but ended his life in Mukden by committing suicide, because of the "failure" of his policy, and for having "no face to see his Heavenly King". General Hishikari, his successor, had the intention of wresting the C.E.R. (Chinese Eastern Railway) and Siberia from Russia by means of force. But publication of the alleged Japanese "secret documents" of the seizure of the C.E.R. by Moscow had done much to embarrass the Japanese plans. With the coming into power of the "Young Militarist Clique" in Manchuria, headed by Jiro Minami, the situation in North China was greatly aggravated; and Japan became more and more aggressive than ever before. So, most keen observers who have just returned from the North told us that "Japan hereafter (meaning after the coming into power of the Young Militarist Clique) would double her efforts and activities in North China!" In other words, the series of "changes", and "re-organizations" of the Japanese military and financial organs in Manchuria which have taken place recently have all worked to increase the efficiency and speed for carrying out the Japanese policy in China; and to give more power to the militarist clique to dominate the situation whose ambition to subdue China at the earliest possible date needs no repetition by us. So, Nanking may go ahead to open the negotiations with the Tokyo diplomatic officials, and the latter may make one promise after the other, but Nanking will soon realize that Nanking has approached a "wrong man" for truth. It is the young militarist clique which controls the whole Manchurian situation, but not the Tokyo diplomats. We are right in saying that it is largely due to such a most embarrassing position that gives no other atternative to the Japanese Minister to China except to tender his resignation!

Dairen Militarists' Conferences and the Situation

The opening of the through railway traffic and postal service between North China and Manchukuo did not settle the whole situation; for the Japanese claim that many other "pending problems" arising from the "Tangku Truce," signed on May 31, 1933, have yet to be settled. The so-called pending problems are all created by the Japanese authorities to suit their own purposes. It is reported that the Conferences of the Japanese militarists in Dairen were for the purpose of discussing the Japanese policy towards these "pending problems." Though we do not have the full and official text of the minutes and resolutions of the conferences, we are nevertheless reliably informed that the discussion centered on the following problems:—

(1) Opening of telephone and telegraph service between North China and Manchukuo;

(2) Opening of through traffic service between the S.M.R. and other lines within the Wall, meaning the Peiping-Suiyuan Line; Peiping-Hankow Line; Tientsin-Pukow Line, etc.;

(3) Opening of customs stations along the Japan-Manchukuo borders;

(4) Opening of air service between North China and Manchukuo.

But another more detailed report has it that the Conference discussed more on the following important subjects:—

(1) How to double our (Japanese) efforts and activities in North China, after the reorganization of the Japanese organs in Manchuria;

(2) How to induce China to settle the "pending problems"; and how to formulate various demands in dealing with the situation in North China;

(3) How to occupy the dominating position of the Chinese market in North China; and how to formulate a "Japan-Manchukuo-North China" economic system;

(4) How to open the way for further aggression of the North West through North China, inflicting a deadly blow to the expansion of the Anglo-American influence to North China, and to development of the North West;

(5) How to obstruct the Chinese efforts to develop the North West, special attention being paid to the extension of the Lan-Hai Railway to Sian.

As stated above, the Manchurian situation is now entirely in the hand of the Japanese "Young Militarist Clique" whose policy is materially different from the diplomats in Tokyo, and whose policy, to be brief, is to invest full power with the Kwantung military authorities to deal with the situation, and to make the provinces in North China another Four North-Eastern Provinces, politically, economically and militarily. So the construction of the Jehol-Peiping Railway is now being pushed on with full vigor. The opening of Peiping, the old capital of China, as a "commercial port"; and the construction of a modern harbor at Tangku, and many other schemes, are, according to reliable information, all part of the Japanese militarists' plan of further invasion of North China.

Japan's First Attempt to Annex Manchuria

The Japanese plan for the annexation of Manchuria, and the Russo-Japanese relations have all much to do with the development of the situation in North China. As discussed time and again, Japan's intention has been to convert North China into some sort of a "buffer state" between China and Manchukuo. As soon as this has been accomplished, the annexation of Manchuria will begin. Under the cover of "developing Manchukuo", Japan has already announced a plan to divide all of Manchuria, now including Jehol, into "ten provinces". But underneath is the motive to facilitate the annexation of Manchuria by Japan! Unlike the annexation of Korea in 1910 by one stroke, Japan is likely to annex Manchuria one province after the other, or "piecemeal." Report already has it that one of the ten provinces nearest to Korea will soon be "incorporated" into Korea! This constitutes Japan's first definite attempt to annex Manchuria!

Recently, Japan has announced to hold a big naval manoeuver on the Pacific Coast. According to the plan, the whole participating naval forces will be divided into "Red" and "White" forces. The Japanese military authorities have been pressing on Moscow with such demands as the withdrawal of the Russian National Defence Forces; establishment of "demilitarized zone", etc. We have heard quite frequently of the firing on Russian steamers by the Japanese gunners; the arrest of Russian employees, etc. There is no doubt that the Russo-Japanese relations are by no means in concord today, and in fact, both are preparing for another Russo-Japanese challenge, though none of them is willing, or rather dares, to fire the first shot.

But, let it be kept in mind, that Japan will not go very much ahead with annexation of Manchuria, nor have another armed conflict with Russia, unless Japan has consolidated herself in North China. The Japanese militarists have been attempting to open up direct communication between Jehol and Charhar, and direct contact with the Western Mongolian people, with a view of controlling Eastern Charhar and West Mongolia, but the sole purpose of which is to facilitate the movements of Japanese troops in the event of conflict with Russia. So, to Japan, the situation demands that the Japanese should take more vigorous steps, or double their efforts and activities to settle down themselves in North China. So, it is not exaggerating for us to say that once the Chinese accept the Japanese demands regarding of North China, the Russo-Japanese war will begin.

The North and North-West

By attempting to penetrate into Charhar and Western Mongolia, Japan's intention is not only to take steps in advance to meet the emergency with Russia, but has also the purpose to obstruct the extension of the alleged "Anglo-American influence" into the North West and the Chinese efforts to develop the North West. That

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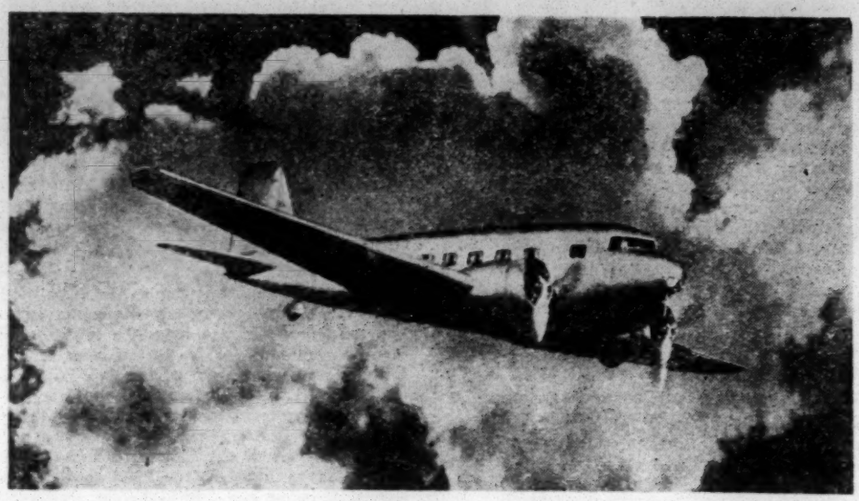

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the Chinese have spared no efforts to take steps to develop the North West—now a virgin land, but China's Great Future—needs no repetition by us. Recently, a "Mongolian Industrial Company" has been formed with a view to exploiting the natural resources in Mongolia. According to report, the Company has employed some American and British capital. The Lan-Hai Railway has been extended to Sian also with the Belgian capital. The Provincial authorities in Sinkiang (Chinese Turkestan) have also made a "loan" to Moscow for the "development of the Province", etc. Upon all these, Japan could not but frown and look at with jealousy as well as apprehension. This Japan considers and interprets as a "joint attempt" on the part of the American-European powers to develop China's North West as a direct challenge against Japan's attempt to develop North China. In Japan's eyes should Anglo-American capital be permitted to penetrate into North West, and should the extension of the Lan-Hai Railway be completed, it means an easy and direct communication between the extreme North West and a "sea port" (meaning Haichow), and further, it means a "deadly blow" to the development of North China under Japanese planning! So, Japan has to "double her efforts and activities" in North China, with a view to first controlling North China, and then extending its activities to the North West.

The Present Condition of the "Demilitarized Zone"

The Demilitarized Zone, embracing a broad strip of territory entending southward from Manchurian border to the environs of Peiping-Tientsin was created in accordance with the terms of the Tangku Truce signed by theChinese and Japanese military authorities on May 31, 1933. But as some observers well put it when they say that this broad strip of territory first became a "demilitarized zone for the Chinese only", then became a "bandit zone"; then became a "well organized bandit zone, firmly occupied by the "bandits" then became "a zone of great disorder". The sequence of events is as follows:—

1. Rampancy of Bandits:—Briefly speaking, there are three kinds of "bandits", namely, (*a*) unorganized bandits; (*b*) organized bandits with definite assistance from Japan and Manchukuo; and (*c*) organized "Japanese bandits" with a few Chinese traitors as their leaders to show them the way. The Chinese administrators are entirely helpless before the situation. The rampancy of the bandits with Japanese connivance and assistance alone is sufficient to make the situation in the "demilitarized zone" impossible solution.

2. Rampancy of Japanese troops:—According to the most reliable and semi-official reports, theJapanese troops are still stationed at all places within the so-called demilitarized zone. In some places under the notice "fortified zone", no visitor can go further. So no one can know what the Japanese militarists are doing there. But in many places, barricades, etc., have been built—a situation not only showing that it is only a demilitarized zone to the Chinese, but also indicates the invaders' firm intention to remain stationed there permanently.

3. Opium and other "poisonous" traffic:—The so-called demilitarized zone is now full of the Japanese rogues and Chinese traitors who are not only the most mischievous of all, but also make a great profit by selling opium, etc. The so-called "Opium Suppression Bureau" is in fact a "opium monopoly and selling bureau" which sells opium openly.

In other words, the rampancy of bandits, organized or unorganized, the Japanese troops, and the Chinese traitors, together with the opening of much illegal traffic, under the direct support, and by the permission, express or implied, of the Japanese authorities, with the sole aim of demoralizing the Chinese people, has brought about most chaotic conditions in the demilitarized zone, and has imposed great sufferings on the Chinese.

Japanese Have No Intention of Leaving Demilitarized Zone

Recently, China and Japan talked very much about "joining hands", "economic co-operation", the elevation of Sino-Japanese legation to the status of an embassy, etc. China's idea is that by accepting the Japanese terms, it will put the Sino-Japanese relations to normalcy, and which, in turn, will settle the situation in North China. But Japan's motive is not so. Her sole motive is rather "to gain time" (1) to settle itself down in Manchuria; (2) to consolidate and develop her acquired rights and (3) to deal with the Russo-Anglo-American situation first. That the Japanese militarists have not the slightest intention to leave the demilitarized zone and to hand over the territory to the Chinese administration can be shown by many instances. The rendition of "Ma Lan Bu", after protracted negotiations, is still pending. The handing over of "Tung Ling" (the Chinese Imperial Tomb) to the Chinese, though promised, still remains unfulfilled. On the contrary, the Japanese authorities still demand that the Chinese authorities should allow the Manchukuo puppet to come to Tung Ling to worship his ancestors. The Japanese activities in the Eastern Charhar, and their attempts to annex Western Mongolia to Manchukuo still continue. In other words, Japan has never been "sincere" in her talks of friendliness with China, and has not the slightest intention to improving the situation in North China.

Nanking, May 16, 1935.

Japanese Navy Program Calls for Yen 700,000,000 ---Army Wants Yen 500,000,000

AUTHORITIES of the Japanese Ministry of Finance charged with drawing an outline of the budget for the 1936-37 fiscal year before the end of June, made another of their recurring informal bids for huge prospective appropriations May 20. The Army's estimates for the next fiscal year, will total more than Yen 500,000,000, while the Navy is preparing for a program which will call for expenditures of Yen 700,000,000. Both these figures exceed the appropriations for the current year which allotted Yen 491,280,000 to the Army, and Yen 530,000,000 to the Navy. According to plans now under preparation by Army authorities, an appropriation of Yen 100,000,000, representing a one-third initial expenditure of a three-year program for the "strengthening of national desense," at a total cost of Yen 300,000,000, will be included in the estimates for the next fiscal year. This three-year program will provide Yen 100,000,000 for the replenishment of air force equipment.

Rengo says the demands of the military for increased appropriations will find a vigorous opponent in Mr. Takahashi, minister of finance, who has already announced his determination to veto any new demands which he should regard as excessive and liable to throw out of balance the amount spent on national defense and the condition of national finances,

Ex-Seiyukai Leaders Plan to Form Third Party

Leaders of the Seiyukai, majority party in the Lower House of the Japanese Diet May 19, questioned the report that the Minseito, second largest party, had decided to dissolve the coalition agreement between the organization. A movement to form a new political party is being led by Takejiro Tokonami, Minister of Communications, Shinya Uchida, Minister of Railways, and Tatsunosuke Yamazaki, Minister of Education, all three of whom have been expelled from the Seiyukai ranks for accepting ministerial posts in Premier Keisuke Okada's Cabinet. Political rumors assert that Korekiyo Takahashi, Japan's financial wizard and head of the Exchequer, is also supporting the movement for the establishment of a new party.

Despite internal dissensions, the Seiyukai, with a roster of 260 members, still ranks as Japan's No. 1 party, a survey of the Lower House Directory this week revealed.

Minseito to Support Government Hereafter

The Minseito, second largest party in Japan, announced May 20, that henceforth it will support the Government. This history-making move was made by Chuji Machida, President of the party and Minseito members of the Lower Chamber. He strongly criticized the Seiyukai leaders for rejecting the Government's appeal for co-operation in the work of the "brain trust."

Minobe Dismissed From Tokyo Post Because of Constitutional Ideas

Dr. Tatsukichi Minobe, whose recent book on the Japanese constitution and the position of the Emperor aroused much opposition, was dismissed from his post as a civil service examiner May 19, the authorities believing it advisable that another should propound questions regarding the constitution.

Japan Does Prosperous Business with Nearby Regions

Japan's trade with China, Manchukuo, Hongkong and the Kwantung Leased Territory during April amounted to Yen 91,532,000, of which Yen 62,288,000 represented exports and Yen 29,244,000 imports.

Japan's Special Envoy to Australia to Leave on July 15

Katsuji Debuchi, recently appointed special envoy to Australia will depart from Yokohama for Australia on July 15. Mr. Debuchi will visit Manila on his way south.

Japan's "Cultural Envoy" Leaves for South America

Japan's first "cultural envoy," Kumaichi Horiguchi, departed for Brazil May 16, on the first stage of a goodwill tour of South American countries.

Japanese Say They Are Willing to Buy 200,000 Bales of Cotton in Brazil

The Japanese Economic Mission in Brazil telegraphed from Rio de Janiero this week that it had informed Brazil that Japan is willing to purchase 200,000 bales of cotton in that country. Japan at a present buys adout 4,000,000 bales of raw cotton-yearly—out of which 1,800,000 bales are secured from the United States.

Plans for Kwammon Tunnel Adopted by Ministry of Railway

Final plans for the Kwammon undersea tunnel, which will link Kyushu and Honshu across the Shimonoseki Straits, were adopted at a meeting of high officials of Ministry of Railways May 16.

N.Y.K. to Build Three Huge Liners for European Run

The Nippon Yusen Kaisha has decided to build three liners of the *Chichibu Maru* class, to be operated on the European run.

Huge Fine Imposed on Syrian Gem Smuggler

Nure Tecla, a Syrian jeweller, was fined Yen 157,489.35 by the Tokyo District Court May 20 on a charge of having smuggled Yen 9,000,000 worth of precious stones into Japan. He was also ordered to pay Yen 2,753.41 duty on the smuggled articles.

A Californian Who Has Had Enough of Japan

M. A. Pierce, former police commissioner of Los Angeles, and prominent Californian politician, made a dramatic little speech at the Tokyo Rotary Club's weekly meeting. Mr. Pierce admitted that Japan looked a nice country. But he had had enough of it. He was going home as fast as he could. "I was held by the Kobe police for eleven days, accused of spying," he explained. In the end he was fined Yen 30.

Mr. Pierce related details of the vigorous severe examination to which he was subjected to the *Japan Advertiser*. He said he admitted he took pictures, explaining that he did not know he was in a fortified zone, and he felt that the ship's officer might have warned him not to use his camera. He told the police that if there was a violation of the law he would pay a fine and leave the films, so that he could be free to see Japan. Instead, he was held for three complete examinations. The facts that he was once in the State Legislature, that he was a police commissioner and that he served in the army two years, were used against him by the police, he added. One Navy man insisted that he must have some interest in the fortified zone and that because he knew the words bow, port and starboard, stern and amidships, he was "spying on naval affairs."

The Japanese Gendarmerie Has Never Yet Caught a Spy

The Japan *Chronicle* in commenting in the incident, said it did not show the local authorities in a favorable light, though it was apparent that it was Mr. Pierce's proficiency as a photographer which assisted materially to arouse suspicion. The *Chronicle* mentioned that rather sarcastically that what the Japanese call "infringements of the fortified zone law have been plentiful, but in every instance there has been either a genuine mistake or a foolish succumbing to the temptation of photographing a particularly charming bit of scenery that happened to be located in the wrong place. But never, by any chance, has a real spy been caught."

American Air Officer Alleged to Have Landed Without Police Permission

An officer in the American air arm in Manila, said to have arrived on one of the destroyers now visiting Kobe, was questioned by the Kyoto police when discovered staying in the Miyako Hotel, together with his wife. He was stated to have landed without the permission of the water-police. Intervention by the U. S. Vice-Consul in Kobe speedily settled the matter, no action being taken by the authorities.

Japanese Police Are Enjoined by Cabinet Official to Treat Visitors More Discreetly

A stern injunction to the police to exercise more discretion in their relations with foreign visitors was given May 20 by Mr. Shigemitsu, Japanese Vice-Minister of Foreign Affairs. The warning was made at a luncheon given by the Gaimusho official to a selected group of police chiefs of local governmental units, having ports within their jurisdiction. Foreign visitors, Mr. Shigemitsu stressed, must be given a fair and courteous treatment, to enable them to understand the country and be favorably impressed.

Portugal Will Not Sell Macao or Any Other Colony

Certain rumors having been spread that Macao might be sold to the Japanese, it was officially stated in Lisbon May 16 that no colony belonging to the Portugal colonial empire will ever be ceded or sold.

Dr. Ho Visits Nanking After Attending Pacific Institute Meet in Tokyo

Dr. Franklin L. Ho, Professor at Nankai University, Tientsin, arrived in Nanking last week following participation in the meeting of the International Research Committee of the Institute of Pacific Relations held in Tokyo. Dr. Ho, Wellington Liu, Secretary of the Chinese Branch of the Institute, and Chen Han-sheng were the three Chinese delegates to the meeting. The two main topics discussed at the meeting, according to Dr. Ho, were those relating to the standard of living of the peasantry and concerning Chinese products.

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Director of Revenue Department Says Income Tax Will Come Into Force July 1

The draft of the regulations governing the collection of an income tax submitted by the Ministry of Finance came up for discussion at the meeting of the Executive Yuan May 14. According to Kao Ping-fang, Director of the Revenue Department of the Ministry of Finance, the new tax will come into force on July 1 this year.

The Ministry of Finance is also making preparations for the institution of an inheritance tax. A graded tax will be imposed on people whose property exceeds the sum of $5,000.

Central Bank Bulletin Says China Welcomes Foreign Capital

The Central Bank of China has begun the publication of a Bulletin, the first issue of which is a volume of 112 pages—including an outline map of China. In a foreword, Dr. H. H. Kung mentions that China is destined to play an increasingly important role in the economic development of the world. China, says Dr. Kung, welcomes foreign capital for legitimate investment and technical assistance along the lines outlined by Dr. Sun Yat-sen in his notable work, "The International Development of China." Dr. Kung has also contributed, in his capacity as Governor of the Central Bank of China, the principal article, entitled, "Improvements in China's Money and Banking System". In it he says that the solution of China's problem lies in a revival of her productive power, and that a uniform and convenient monetary and banking system is the only foundation upon which prosperity can be firmly laid. A brief history of China's loan policies is given by E. Kann, and an economic survey of China for 1934 has been compiled by the Research Staff.

The Siam Branch of the Central Bank was formally opened May 14.

Dr. H. H. Kung Says Administrative Expenses Will Have to Be Reduced by 20 Percent

Dr. H. H. Kung, Minister of Finance, in an interview in Nanking, May 16, said that measures for balancing the National Budget for the 24th fiscal year (July 1, 1935-June 30, 1936) are still being studied. In order to balance the budget, he said, the administrative expenditures for the next fiscal year will have to be reduced by 20 per cent. The National Government, Minister Kung said, has to provide over $200 millions each year for loan redemption. The budget can therefore only be balanced by reducing expenditure and opening up new sources of revenue.

French Boxer Money Appropriated for Yunnan University

In conference with educational leaders at Kunmin, General Chiang Kai-shek has given permission for the appropriation of a certain amount of the French Boxer Indemnity Refund to assist the Yunnan University.

Special Saving Department for Bank of China

The Ministry of Finance has given permission to the Bank of China to establish an independent savings department beginning June 1. The capital of the savings department will be $5,000,000.

Manchukuo to Confiscate Smuggled Silver

Continued smuggling of silver currency from China into Manchukuo, has led the Special Service Branch Office in Shanhaikwan to announce that all captured silver will hereafter be confiscated.

Peiping and Tientsin have issued orders prohibiting export of the white metal from the city.

Executive Yuan Prescribes Death Penalty for Silver Smuggling

On the recommendation of Dr. H. H. Kung, the Executive Yuan, May 21 passed a resolution authorizing the Special Law Against Actions Endangering the Public in cases of smuggling of silver, which provides death penalties, life imprisonment and jail terms of not less than five years and fines up to three times the value of the silver found on smugglers.

W. M. Aldrich, chairman of the board of directors of the Chase Bank, declared in Washington May 13 that the U.S. silver program had caused infinite harm abroad and done no noticeable good at home. The U. S. silver program he said, has imposed acute depression upon China and seriously affected Mexico, while the result on the U.S. seemed unimportant.

The U. S. Treasury has ordered that an embargo be placed upon the entry into the United States of foreign silver coins.

The Dollar liner s.s. *President Hoover* took 600,000 ounces of silver from Hongkong May 17 for New York. Another steamer left Hongkong the same date for London with 500,000 dollars.

The Philadelphia mint is coining 40,000,000 50-centavo pieces for the Mexican Government. The Mexican Government is furnishing the silver.

Wuhan Welcomes American Economic Mission

(*From the Review's Correspondent at Hankow*)

IN its friendly welcome to the American Economic Mission, the Chinese-owned English-language *Hankow Herald* urged the preserving of the Open Door policy in China. Furthermore in order to encourage American investments in China at this time, the editor argues that "whatever . . . is advocated or done between America and China should 'return a net profit on the investment'. That is evidently the policy of the more intelligent sections of American opinion and we see no reason nor possibility for us as a nation to demur."

Americans Invited to Invest in Yangtsze Valley

In conclusion the Hankow editor threw out the following general invitation to American capital:

"We are in need of capital to develop our resources. That given proper conditions, capital invested in these parts will return a net profit will not be denied by right thinking persons. The U. S., at least a small section of her people, have surplus capital which is waiting for investment. We submit that since the historic pronunciamento of John Hay, never has there been a greater possibility of returning a 'net profit on the investment'. As far as the Yangtze Valley is concerned, political satbility has been assured. The governors of the day are reasonable men, willing to consider any fair bargain. If we are to be excused for blowing our own trumpets, we would like to say that of all places in the Yangtze Valley, Hankow has the greatest likelihood to be the industrial, commercial and financial center of temperate China."

American Trade Mission Feted by Chinese Officials

The Chinese Reception Committee, consisting of all the leading Chinese officials and business of the Wuhan Center with, Dr. Kuang-son Young, chairman, and Paul Sung, secretary, welcomed the American Economic Mission as it arrived Friday evening, May 17, from Peiping, on the special express. The American Consul General, Paul Josselyn, and the Chairman of the American Chamber of Commerce, Henry Kay, and other officers of the Chamber, also welcomed the guests to Hankow.

Beginning with a dinner, May 17 in the Hankow Commercial Bank Building, where the Chairman of the Hankow Chamber of Commerce, Wang Wen-chi stressed the importance of active economic and commercial cooperation, the U. S. Trade Commission has heard from the lips of scores of Chinese friends the same refrain, "Let's cooperate."

Hankowite Deprecates Unfavorable Balance of Trade

Wang Wen-chi in his speech of welcome also called attention to the unfavorable balance of trade in China today: "China's adverse trade balance has steadily been mounting to over hundred million dollars yearly . . . No nation can expect to sell all the time without buying from others. When the balance of exports and imports is tilted over too much on one side, it is bound to affect adversely the purchasing power of the country suffering from this mal-adjustment. It is our hope that you, being leaders in various commerical and industrial fields in America, after having studied the needs of this country, will use the great influence you possess for the formulation of a sounder and more mutually beneficial trade policy."

U. S. Silver Policy Hurts China Trade

Without critiscizing the American government Mr. Wang sought to bring home one point in regard to the U. S. present Silver Policy, namely, that "instead of stimulating and further developing Sino-American trade, it has actually placed a serious hardship on such trade relations. Such contrary effect may not have been realized by a section of the American government, which, I am sure never intended to hurt China."

Marshal Chang and Governor Chang Entertain Commission

The official calls of the American Economic Mission on the May 18 included the City Government of Hankow, the Hupeh Provincial Headquarters, the Wuhan Government University, and the Headquarters of the Chairman of the Military Commission. After a strenuous morning the Chairman of the Hupeh Provincial government, General Chang Chun, and Marshal Chang Hsueh-liang entertained the Mission and a few invited Chinese and foreign guests at tiffin at the headquarters of the Young Marshal, in Wu-chang. The members of the Mission present were: W. Cameron Forbes, chairman, Charles J. Carroll, vice-chairman, John B. Chevalier, treasurer, Thomas Y. Wickham, Louis C. Jones, Harold M. Bixby, and R. C. Redmayne. Due to Mr. Forbes' slight indisposition and cold, the vice-chairman on several occasions during his stay in this Center responded to toasts and attended functions in the chairman's stead. At the Chinese Chamber of Commerce dinner he read the prepared speech of Mr. Forbes.

U. S. Economic Mission Files to Szechwan

Determined to carry out its planned program, the American Trade Commission after enjoying the hospitality of the American Chamber of Commerce at a luncheon in the Hankow Club, where the members met officials and members of the American Chamber of Commerce and other interested American citizens, spent the rest of the day rather leisurely preparing for the air trip to Szechwan on Monday, May 20. This morning as the party took off for Chungking, the most favorable weather conditions for flying prevailed.

Hankow and the Sino-Japanese Diplomacy

While congratulating the Japanese people on the victory of Mr. Hirota over the domineering army clique in the fight for the exchange of ambassadors between China and Japan, the *Hankow Herald* in a leader draws attention to certain unsettled problems that call for some tall thinking and straight-forward statesmanship:

"It is, however, foolish to think that by elevating her legation to an embassy Japan has definitely cast aside her aggressive policy toward China. China will not forget all her injuries and insults simply because she is now being gently patted on the back by her erstwhile enemy, While we welcome this gesture as an indication of friendship and goodwill, grudgingly extended though it be, and believe it a step in the right direction towards regaining the confidence of China, we would not jump to the conclusion that from now on it is all smooth going for Sino-Japanese rapprochement and that China is now ready to throw her arms wide open to receive Japan. Much remains to be done by Japan before the Sino-Japanese relations can be restored to anywhere near the normal state."

Arbitration of Labor Dispute

There was held a conference of egg factory employers and ten representative employees at the Municipal Building, Hankow, May 15, at the summons of the Municipal Government. The chairman of the conference was Chen Chien, representing the Hankow Municipal Government. The foreign-owned and foreign-controlled egg factories in Hankow were all represented: (English) Arnhold & Co. the Societe Anonyme Pour L'Industrie des Oeufs (Belgian), Schnabel Gaumer Co. (German), and Carlowitz & Co. (German).

Although there has not been any strike since the workers returned to the Belgian egg factory last week, the Chinese labor union has been accusing the employers of not living up to the egg factory agreement of March 28, 1930. The main point of dispute is the clause enjoining the egg factories to give double pay for work on Sundays. Unanimity was reached on this point.

Hankow, May 20th, 1935.

Dr. C. T. Wang Is Elected New Head of C. I. F. R. C.

Dr. C. T. Wang, former minister of foreign affairs and one of its honorary presidents, was elected chairman of the China International Famine Relief Commission (in succession to Dr. W. W. Yen, ambassador to Moscow) at its seventh annual meeting, which was closed in Sian May 19 after a two-day session. D. W. Edwards was re-elected vice-chairman; Y. S. Djang, executive secretary; and Sohtsu G. King and H. E. Faulkner, treasurers.

The Executive will consist of Messrs. G. F. Andrews, Chu Yu-yu, J. E. Baker, S. J. Chuan, H. K. Lin and E. H. Ballou.

Messrs. P. W. Mills, Hsieh Chia-cheng and Y. C. Chang were coopted members of the Commission.

It was decided that the head office be removed to Nanking from Peiping. The next annual meeting will be held either in Nanchang or Kaifeng, respectively provincial capitals of Kiangsi and Honan. The delegates later left for an inspection of the Chinghui Irrigation Canal, in northern Shensi.

Japanese Claim Chiang Kai-shek Has Bought "The China Press"

A Japanese report that T. B. Chang, one of the Chinese magnates of the press, will leave for Japan, was absolutely denied May 19. He is now suffering from an indisposition and therefore is unable to leave for anywhere. The Shanghai *Mainichi*, May 18 said:—"Because of the menace of the Kuomintang policy for the control of press, T. B. Chang, the Shanghai press magnate, has officially tendered his resignton as the manager of the *China Press*, *China Times*, *Shunshih News Agency* and *China Evening News*. He will leave for Japan on May 27." The death of Sze Liang-tsai, former publisher of *Shun Pao*, was referred to in this connection by the *Mainichi*, which stated that the publication by the organizations under the management of Mr. Chang of the reports concerning the imports of arms from various countries last autumn brought about a severe blow to his business, because since then the newspapers were banned from the mails; now all his organizations have been bought over by General Chiang Kai-shek. According to other reports which are current Dr. H. H. Kung, Minister of Finance, is taking over The *China Press* and its affiliates.

Japan Continues Moves to Secure Possession of North Saghalien

The Tokyo *Jiji* May 8 stated that Soviet Russia is avoiding making official intimations that the country has the intention of transferring the northern half of Saghalien island to Japan but at the same time the country does not express any opposition to the idea of transfer. The real intention of the U.S.S.R., said the *Jiji*, is interpreted as being to conduct informal talks and take positive action in favor of transfer when an opportunity ripens.

The Moscow Government through the Soviet Ambassador to Tokyo, Constantin Yurenev, was, however, quoted by the *Miyako* May 8 as having informed Foreign Minister Hirota to the following effect: "The Moscow Government has the policy of selling not an inch of its territory to any country. This is a State policy of Soviet Russia. The Soviet Government, therefore, cannot favorably respond to your country's proposal even if your country proposes to purchase North Saghalien."

The Tokyo *Asahi* May 9 printed a dispatch from Hsinking that Soviet Russia's defense preparations in areas along the Japan Sea have been promoted actively of late, with Vladivostok as the center. The latest decision is to construct a new naval port in Posiet Bay south-west of Vladivostok and close to the Korean border. It is stated that the Soviet Navy has already completed a survey and is now transporting various materials of construction to this spot.

Soviet Consulate May Be Established in Hsinking

Rengo says the establishment of a Soviet consular office in Hsinking soon is being actively predicted in political circles in said city.

Japan's Shipping World Is Menaced by Soviet Vessels in Far Eastern Waters

The *Hochi* May 12 stated that the appearance of Soviet vessels in Far Eastern waters carrying bean cakes and other goods for European destinations has greatly menaced Japan's shipping world, as Soviet Russia, by chartering some 400,000 tons of vessels on the European shipping market and transporting military supplies, foodstuffs and fishing implements to Vladivostok on the way back collects cargo from Dairen and the Chinese coastal ports for European destinations at very low rates.

Japan Wants Complete Revision of Fishery Treaty

Lack of time wherein to conclude a supplementary fisheries agreement with the Soviet authorities, may compel the Japanese Government to seek a complete revision of the basic convention of August 8, 1932, a high Foreign Ministry official intimated in Tokyo May 16. Three points requiring negotiation with the Soviets agreement, according to Japanese authorities, include the security of Japanese fishing districts in Soviet waters, the moderation of charges for Japanese fishing rights and the conservation of fish.

North Saghalien Products Not to Be Treated as Imports

Fishery products from Soviet territorial waters and North Saghalien oil will not be treated as imports beginning July 1. The Tokyo Finance Ministry, in making the announcement, said the measure was taken "to clarify the international balance figures of Japan."

Members of Extraterritoriality Research Committee Are Named

The Extraterritoriality Research Committee, formed for the purpose of studying effective measures for the eventual abolition of extraterritorial rights enjoyed by foreigners in China, was announced by the Ministry of Justice in Nanking May 17. Officials who are not members of the Justice Ministry invited to serve on the committee are: Dr. F. T. Cheng, formerly vice-Minister of Justice and a prominent jurist, who will serve as vice-chairman of the committee; Dr. Loo Chia-lung, president of the Central University; Hsu Mo, vice-Minister of Foreign Affairs; Dr. Zia Kuan-sen, chief secretary of the Judicial Yuan, and Messrs. Shao Wen-chih and Ho Chi-shih.

Ministry officials who were appointed to serve on the committee are: Hung Loh-tung, vice-Minister of Justice who will also serve as chairman of the committee, and Messrs. Teng Chi-ching, Wei Ta-tung, Li Tai-shan, Wong Yuan-tseng, Yang Peng, Liu Tseng-chung, and Ho Chung-shan. The early stages of the discussions will be centered on the study of abolition of extra-territorial rights in Japan, Turkey and Siam.

Important Changes Are Made in State Lottery Procedure

The Ministry of Finance has decided that the State Lottery, beginning with the 13th issue, will be issued once every month instead of every two months as hitherto, and the total number of tickets for each issue will be decreased from the present 500,000 to 300,000, the price for each number to remain at $10. The number of prizes will be changed. There will be one first prize of $250,000, four second prizes of $50,000 each 20 third prizes of $10,000 each, etc.

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Gen. Yang Yun-tai and the Future of Chinese Youth

BY S. Y. CHI (季世英)

(Special Correspondence)

"TO serve the rural community" and "to reform the corrupt society" are the two great mission of China's two hundred million juveniles; hence all students must make vigorous preparation now.

Generalissimo Chiang Kai-shek and his entire rank and file of staff and aid-de-camp have won the sincere respect and admiration of his people throughout China—and the whole-hearted sympathy of the people of the friendly powers—during the last five years during which he has been personally in command of an extensive campaign against Communist menace and anarchy in China. The Generalissimo and his suite, however, deserve even higher respect and admiration of his people and foreign sympathizers for, amidst a bitter life of hardship and uncertainty in the wilderness of the battlefield, year in and year out, they have found time to promote the New Life Movement—a civil campaign for the rejuvenation of China—and thereby hangs China's own salvation. The ultimate goal can only be attained by means of the combined campaign of military and educational forces in dealing with lawlessness, disorder, corruption and backwardness.

Gen. Yang Yun-tai (楊永泰)

Secretary-General of the Provisional Headquarters of the President of the Military Affairs Commission at Wuchang.

With this aim in view, General Yang Yun-tai (楊永泰), General Chiang's Secretary-General, in his speech before 5,000 students and educationists in Chungking, wisely advised them to hold a higher and nobler view in the hope of their future life and their incumbent duty and responsibility toward the country. "Go back to the rural districts and render your service for the elevation and betterment of the rural community," Gen. Yang exhorted, "as the duty of the present-day youth of China. The youth from schools should lead the huge masses of the agrarian population into organization, give them education and training, teach them the means of productivity and livelihod, and improve their ability and strength of self-defense: hence to reach our goal of restoring peace, order and prospority throughout the length and width of our vast country by virtue of good government or "Kwan" (管), education or "Chiao" (教), self-support or "Yan" (養), and self-defense or "Wei" (衛). It is a great national salvation movement: hence likewise great is the responsibility of the present-day students in China".

After reviewing the general conditions of schools and students in China, Gen. Yang began to state that there is prevailing a mood of depression in the psychology of the youth everywhere. It is chiefly due to the following three causes: First, being discouraged by the critical situation of the country, they become hopeless and feel despondent. Secondly, they are embarrassed and feel led astray by the mal-practices and evils of society and by the corruption and poor administration of not a few corrupt officials. Thirdly, they are down-hearted because of the dim hope and uncertainty that becloud the future of their life; and, therefore, they cannot avoid thinking that they will become jobless as soon as they graduate from the schools. So, it is very dangerous if nothing in the way of remedy is forthcoming, because the youth at the time when uncertainty reigns the prime of their life may easily either wander into the path of wrong life of adventures or fall into the death-pit of self-destruction.

Then Gen. Yang went on to explain that the present danger confronting China lies not in the weakness of the material strength of the army but in the inferiority of the mental power of the people and, consequently, strongly advised the students to devote their attention closely to studies so that, when they come out of school and enter the society, they are well prepared to shoulder whatever responsibility that comes their way. Lack of modern knowledge, organization and backwardness are the chief causes of the country's weakness.

"As youth constitutes the best and strongest unit of the society," Gen. Yang continued, "they should bear the responsibility of reforming society instead of being assimilated by the bad influences of bad society. The duty naturally falls upon the shoulders of the youth to fight against the bad influence of the society, to rid it off all bad practices and corruption, and to help in building up a new society, a new country capable to stand on equal conditions in the family of nations."

Turning to the educationists, Gen. Yang called their attention to the necessity of making school life as near as possible to the life of the community from which the students come. The general quoted the world famed philosopher and educationist, Dr. Dewey's words: "School is society; education is life." He also expressed profound regret in finding that many schools and colleges in the big cities, having palatial buildings and modern conveniences and comfort, are materially doing harm to the young students, many of whom come from rural districts, and as a result they, in many cases, hate to go home to live a rural life. Henceforth, reform must be introduced to bring school education to close relationship with social life.

Gen. Yang also urged the students to play a leading role in the promotion of the New Life Movement as the best means of reforming society.

While armies of military forces have been thrown into the field to combat banditry and lawlessness, it is the duty of the armies of educational forces to mass themselves together to fight against social evils and backwardness under the same command of Generalissimo Chiang Kai-shek.

Wuchang, May 14, 1935.

Chinese Engineers Close Kuan T'ai Breach, Thus Confounding "Experts"

The following is the gist of the report dated April 24 made from Kaifeng April 24 by Yang Pao-ling, consulting engineer, formerly Chief Engineer of the Chihli River Commission and Chairman of the Yangtze River Commission and recognized as dean of the Chinese river engineers, to Dr. H. H. Kung, concerning the closing of the Kuan Tai Breach of the Yellow River.

I visited the Kuan T'ai breach and the surrounding dikes on the April 21, 22, and 23. The Kuan T'ai breach is located on the north bank of the Yellow River, about 40 kilometers northeast of Kaifeng or 25 kilometers west of K'ao Cheng. It got its name from a small village called Kuan T'ai, located about two kilometers above the site of the breach. The so-called Kuan T'ai breach started with an innocent overflow channel about 30 meters wide and less than one meter deep, but was gradually allowed to develop into a regular river bed due to lack of co-ordination and co-operation. In August last year, the Yellow River so was low that the channel leading from the Kuan T'ai breach completely lost its connection with the main river. Before I had occasion to visit the works, I had already been fed with twisted reports of the condition of affairs at the breach and was made to believe by my engineer acquaintances and the League of Nations "experts" that it was humanly impossible to close the breach with the method then in use. After my arrival at Kaifeng, I made inquiries from disinterested parties concerning the closing of the Kuan T'ai breach and they all complimented the achievements of Kung Hsian Yung. At the time of my inspection on Apr. 21 the breach was so tightly closed and strengthened that the channel leading from it was absolutely dry. With the breach at Kuan T'ai successfully closed, it is most desirable that the Interantional Dike be repaired, strengthened and prolonged forthwith, so that a repetition of the 1933 and 1934 flood disasters may be averted. It is also of paramount importance that the three remaining breaches, of about only 300 meters in total width, in the north main dike, be closed without further delay, and that this dike and the Tai Hang Dike be brought to a suitable strength and elevation.

Los Angeles Court Ruling Says Japanese Have Infringed G. E. Lamp Patent

The Los Angeles District Court May 13 ruled that the General Electric Corporation could seek compensation from three Japanese firms for infringing upon its patent. The Court confirmed an earlier judgment placing a ban on the imports of Japanese bulbs into the country, insofar as they represented a violation of patent rights.

President Roosevelt Vetoes Patman Bonus Bill

President Roosevelt in a message excoriating pressure from special groups vetoed the two billion dollar Patman bonus bill May 22.

Methodists Attack Administration's New Deal

The New York East Conference of the Methodist Episcopal Church passed a resolution May 14 attacking the Administration's "New Deal" and demanding that the capitalistic system should be swept aside in favor of a "planned Christian Economy."

Siamese Customs Head Arrives Here from Japan

Luang Svasdi Thamabari, Siamese Inspector General of Customs, arrived in Shanghai this week from Japan. He conferred with Yu Ming, director of the Shanghai Office of the Ministry of Foreign Affairs, who was assisted by C. Y. Wang, chief secretary of the Overseas Chinese Affairs Committee.

Italo-Abyssinian Dispute May Wreck League of Nations

A telegram from Geneva May 19 stated that the frontier dispute between Italy and Abyssinia is not only a question of peace or war, but the very future of the League hangs in the balance. By the treaty of 1906 between Italy, France and Great Britain, each government pledged itself in no case to intervene in Abyssinia without coming to an understanding with the other two. Independent action by Italy would jeopardize the interests of both France and England in north Africa.

Italy Conscripts Entire Resources to Meet Expenditure

Italy has ordered the conscription of the entire country's financial resources in order to meet government expenditure. This step, one of the most drastic ever taken by the authorities, was announced in a decree published in Rome May 21.

Prague Rumors Say Germany and Japan Plan Alliance

A message from Prague May 16 stated that much is made of the fact that, with the Soviet Government promised aid from France and Czechoslovakia, the U.S.S.R., in the event of war with any other European nation, should be more secure against the possibility of becoming involved in a conflict with Japan. It was also mentioned in the telegram from Prague that rumors persisted that Germany and Japan are planning an alliance against the Soviet Government, indicating that in the event of either nation being involved with Russia, the other would agree to attack from the opposite side, but Japanese and German diplomats scoff at the existence of such a plan.

Secretary Swanson Says U.S. Maneuvers Not Aimed at Japan

The maneuvers of the American fleet in the Pacific were not aimed at Japan, declared U.S. Navy Secretary Swanson, at a press conference in Washington, May 15. He added that he had no objections to the Japanese fleet maneuvering in the north Pacific provided no ships came within 2000 miles of the west coast of America.

New Destroyer for Japanese Navy Launched in Yokosuka

The *Shigure*, Japan's most modern destroyer, was launched at Yokosuka May 18 at the Uraga Dock Company's shipyards, in the presence of Admiral Suetsugu, and other high naval officials.

Revised Law for Academia Sinica Is Adopted by Legislative Yuan

The Law governing the organization of the Academia Sinica was revised and adopted at the 17th meeting of the Legislative Yuan held in Nanking May 17 under the chairmanship of Chiao I-tang, Chairman of the Yuan's Legislation Committee, in the absence of President Sun Fo. The revised law states that the Academia Sinica shall have a Deliberative Council, composed of 30 members invited by the National Government and the *ex officio* members. The President of the Academia Sinica and the Directors of the various Institutes under its direct jurisdiction shall be *ex officio* members of the Council with the President of the Academic Sinica serving concurrently as Chairman of the Council.

The question of alleged discrimination against non-Government Universities in reference to the privilege of nominating candidates for membership on the Deliberative Council of the Academia Sinica formed the subject of a heated debate during discussion of the Regulations governing the organization of the Council. According to the original draft, candidates for membership on the Council may be nominated only by professors of Government Universities and independent colleges. Critics of this provision pointed out that Government Universities or colleges did not have a monopoly of men of learning and that, as a matter of fact, scholars and men of learning were to be found all over the country.

Following a heated debate a compromise measure was introduced providing that candidates for membership on the Deliberative Council shall be elected by professors of Government Universities and colleges as well as by those possessing the qualifications specified in Art. 3, namely, those who have produced works and made inventions of special merit and those who have taken charge of an institution of learning for over five years with distinguished results; a proviso being also added that the candidates shall not be confined to professors of Government universities. The provision was passed in this revised form.

Peiping Chemist Invents Modified Alcohol as Substitute for Gasoline

A cheap and efficient substitute for gasoline has been made from modified alcohol by Fang Cheng, Head of the Chemistry Department of the College of Engineering of the National Peiping University following exhaustive research work. The new fuel was used in a motor-car in Peiping May 20 and the tests were reported satisfactory.

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A Suggestion That Gen. Chiang Kai-shek Should Visit Kweiling and Canton

BY PAUL K. WHANG (汪仲芳)

AS anticipated, Gen. Chiang Kai-shek, Chairman of the Military Affairs Commission, has extended his itinerary to Yunnan by visiting its provincial capital, Quanmin, better known as Yunnanfu. As in the case of Szechuen and Kweichow, his presence there will certainly lead to the thorough reorganization of the provincial government and the shifting of its personnels, so that the demoralized provincial forces may be completely reorganized and a concerted drive may be conducted against the Red-bandits for the early extermination of the Red menace in the remote Southwestern provinces. The result of his present conscientious efforts and earnest endeavor in introducing to Szechuen, Kweichow and Yunnan measures of political, economic and moral reformations will not only facilitate the solution of this vexatious problem of Red-banditry, but will also bring these remote and hitherto semi-independent provinces definitely into the fold of the Central Government.

Yunnan, a border province which is little known to the people in this part of the country, is located at the southwestern corner of China. It is bounded by Kwangsi and Kweichow on the East, by Szechuen and Sikong on the North, by British Burma on the West and French Indo-China on the South. Its area is said to be 146,714 square miles with a population of 11,020,607 in accordance with the Maritime Customs Estimate of 1930. Being abundant in high mountain ranges and lack of navigable waters, it has been just as inaccessible to the rest of China as Kweichow. Although poor in agricultural productions, it has been reputed as being very rich in gold, silver and other mineral resources.

The fact that this province borders on Burma and Indo-China has long made it a pawn of British and French imperialists. For decades, they have cast covetous eyes on its rich mineral resources and exerted pressure upon the local government for concessions. They have also intrigued with the rival leaders of provincial forces by furnishing them with either money or arms and munitions, so that they can fish in troubled waters. By means of foreign arms and munitions, the provincial military chieftains have been able to fight with each other intermittently for the overlordship of the province, which, therefore, has been likewise cursed with the evils of militarism. The indifference on the part of the Central Government to take control of the affairs of this border province has left it entirely to the mercy of British and French imperialists. Since the annexation of Burma by Britain in 80's, the boundary line between Burma and Yunnan has always been in dispute. The recent "invasion" of Panghung, a frontier district rich in mineral resources, is but one of the many "invasions" staged by the British imperialists.

General Chiang's Trip an Event of Great Importance

Gen. Chiang's present visit to Quanmin, in many respects, is indeed an event of great importance. From the standpoint of foreign relations, his presence may lend a weight to the early settlement of the dispute over the boundary line between Yunnan and Burma, so as to remove a thorn on the side of the Sino-British relations. What is more important is the fact that the successful eradication of militarism from and the definite establishment of the authority of the Central Government in Yunnan will be able to stem the tide of further foreign encroachments, and save this remote province from the fate of Manchuria. Besides, the successful rehabilitation and reorganization of Yunnan will have the wholesome influence upon other border provinces such as Sikong and Tibet, which have been also faced with the same problem of British aggressions.

From the standpoint of domestic political conditions, Gen. Chiang's present efforts in bringing Szechuen, Kweichow and Yunnan into the control of the Central Government may hasten the process of unifying the whole country. As a result of the recent developments, the so-called Southwestern Bloc has been reduced into merely two provinces, Kwangtung and Kwangsi; and the Southwestern Army has been brought into direct contact with the government forces on the North and West sides. The military leaders of Kwangtung and Kwangsi may be possessed of a large and strong army, but they will find it difficult to defend their position, when the government forces can launch attacks on Kwangtung and Kwangsi simultaneously.

The present march of events must cause a great alarm to the political and military leaders of these two provinces, because they have never dreamed that Gen. Chiang could extend his personal influence over such a wide area within so short a time. True, Hu Han-min, in one of his five demands made last year as the conditions for the rapprochement between Nanking and the Southwest, advocated that Gen. Chiang should lead his army to Szechuen to conduct bandit-suppression campaigns there. But it must be remembered that this demand was made not so much for the welfare of the Szechuen people as for the removal of government forces from Kiangsi province. It was the hope of Mr. Hu and his followers that once Gen. Chiang and his army were removed from Kiangsi to Szechuen, the military pressure on Kwangtung and Kwangsi would be relieved. Who could foresee that Gen. Chiang should be able within a very short time to consolidate his position in Szechuen and extend his influence to Kweichow and Yunnan, so much so that the position of Kwangtung and Kwangsi becomes even more assailable than before?

It is only natural that the political and military leaders of Kwangtung and Kwangsi can not view this situation with equanimity. In this circumstance, they can not but keep their eloquent mouths shut and assume a more or less conciliatory attitude towards the Central Government. Their knowledge of their own weakness will prevent them from taking any precipitate actions, which will only bring ruin upon their head.

In saying so, it must not be forgotten that although they face of heavy odds against them, they are not likely to surrender themselves abjectly without a struggle. Their military preparations speak eloquently of their readiness to meet this eventuality. In desperate condition, they will forget their sound judgement and good sense, and stake all they have in defending their position and interests, although they may be fully aware of the inevitable result of this struggle. Therefore, while the present circumstance bids fair to the early unification of the country the possibility of a first-class civil war is by no means totally removed. Much depends upon the policy which the Central Government will pursue after the conclusion of bandit-suppression campaigns in Szechuen, Kweichow and Yunnan.

Why Nanking and South Should Be at Loggerheads Is an Enigma to Foreign Observers

That which has kept the Central Government and the Kwangtung-Kwangsi Clique at loggerheads has always been an enigma to the foreign observors. Members of both factions are said to embrace the teachings of the same Leader and to be followers of the same Party. But their personal and political differences have proven so wide that all the past efforts in bringing these two factions into a close rapprochement have been of no avail. Since the Japanese invasion of Manchuria in 1931, many political leaders, including Dr. Wang Chung-hui and Sun Fo, have tried one after another to play this difficult role of peace-maker, but none of them has met with much encouragement, and the country is still deprived of its much needed national unification.

In order to liquidate this anomalous situation, we believe that Gen. Chiang should take advantage of the present opportunity by flying to Kweiling and Canton, capitals of Kwangsi and Kwangtung respectively, to exchange opinions personally with the political and military leaders of these two provinces. It is a patent fact that the differences between the Nanking and Canton leaders are more personal than political, and that these differences can be easily patched by arranging a meeting of two principals, at which they can exchange their opinions and apologies over tea-cups. A five-minute talk between the two principals may succeed in solving a problem which was baffled the understandings of the numerous peace-makers for the last four years.

Mr. Hu, although living in retirement in Hongkong, has been still looked upon as the chief opponent of the Nanking regime. His stubbornness in turning down all the peace overtures from Nanking has been principally due to the personal grudge which he has harbored against Gen. Chiang, his former colleague. On the other hand, Gen. Chiang has been regarded as the chief stumbling block in the path of national unification. It is really a pity that the country has been thus divided because for no other good reason than the fact that these two principals can not sink their personal prejudices.

It often happens that bitter enemies have become sworn friends after personal explanations and apologies. The real patriots, for the sake of their country, should neither hesitate to offer apologies to make amends for the wrongs which they might do to their former friends, nor persist in refusing to shake hands with their present enemies after the reparations have been duly made. Since both Gen. Chiang and Mr. Hu are patriots, there is really no reason why after their meeting they can not forget their differences and form a new partnership to run the political show in China.

For the sake of hastening the process of unifying the country and dispelling any fear of future domestic strife, we strongly urge Gen. Chiang to visit Kweiling and Canton to meet personally Mr. Hu and other political and military leaders. The outcome of this visit, we are sure, will not only pave the way for the definite stabilization of domestic political conditions, but usher in a new era of peace, which has been long hoped for by our people.

Who's Who in China

厲德寅

Tehyin Li (Li Teh-yin)

Tehyin Y. Li, economist and university professor; born in Tungyang, Chekiang, on October 10, 1903; after graduating from the National South-eastern Uniuersity, Nanking, in 1925, he taught mathematics for five years in middle schools and universities, and also took part in revolutionary activities; in 1929, he published his *Freshman Mathematics*, which was the result of his teaching experience; in 1930, he went to America to study economic statistics and received M.A. in 1931 and Ph.D. in 1934; returned to China by way of Europe where he studied the economic conditions of the various countries; since return he has been professor of economics at the National Central University; address: Central University, Nanking.

厲德寅，名經濟學者，年三十一歲，浙江東陽縣人，年弱冠卽畢業於國立東南大學理科，並參加革命工作，曾先後執教於江蘇省立第一女子師範，國立中央黨務諸校，課暇復著有高等混合算學一書，民國十九年由中央黨部派遣赴美國留學，入威斯康新大學專攻經濟統計，經年卽得碩士，閱三年又得博士，以多從名教授如康門斯，尹郭亨，柔絨等學，故造詣特深，所著論文見重於時，去歲回國前爲考察世界經濟狀況起見，又曾遍遊歐州諸大國，現被聘爲國立中央大學經濟系教授，地址：南京國立中央大學。

Chinese Doctor Is Awarded Yale University Research Fellowship

Dr. T. T. Chen of Fukien has been awarded for the second year by Yale University the Sterling Research Followship. Dr. Chen was an instructor in the Fukien Christian University before proceeding to the United States. Dr. Chen is a member of the American Society of Parasitologists, Genetic Society of America, American Association for Advancement of Sciences, and Society of Sigma-Xi. Professor Maynard M. Metcalf of Greensboro, North Carolina, wrote to Dr. Sao-ke Alfred Sze, the Chinese Minister in Washington praising Dr. Chen in the highest terms, saying—"China will be proud to claim Dr. Chen and his monumental work upon the Opalinidae. It develops a most significant and important method of attack, most brilliantly successful, upon complexly interwoven data of taxonomy, paleogeography, evolution, each very much more significant because combined in treatment with the other."

Minister Sze in University Address Stresses Need of Mutual Sympathy

Sao-ke Alfred Sze, Chinester Minister in Washington, delivered an address at the University of North Carolina, April 6, on "International Good Will and Understanding," in which he dwelt upon the differences which exist between the ethical and political conceptions of Chinese and Americans. He said the obligation was imperative that the national policies of each nation should be viewed in the most sympathetic manner by other nations and every effort should be made to reach a true understanding of the mutual problems.

Five Members of American Economic Mission Visit Chungking

The American Economic Mission, headed by Cameron Forbes, participated in an informal discussion of Sino-American commercial relations at the Hankow branch of the Kincheng Banking Corporation in Hankow May 19. In the evening, they were feted at a banquet jointly given by the Hankow City Chamber of Commerce, the Bankers' Association and the Natives Bankers' Guild.

Five members of the Mission, including Cameron Forbes, and Mr. Caroll, proceeded to Chungking May. 20, where they were greeted by Wu Tse-hsiang, special inspector of foreign affairs, and local industrial and commercial leaders. The Mission is scheduled to visit Hangchow during the first week in June.

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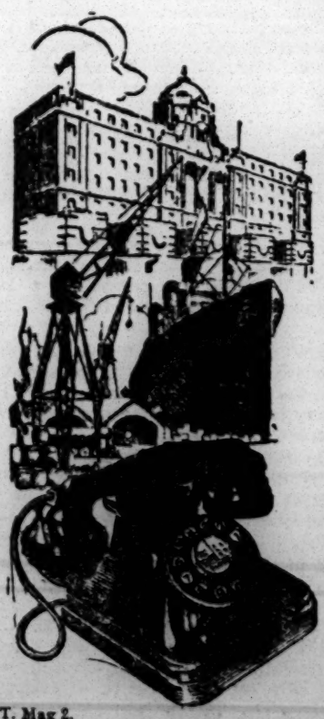

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Men and Events

An International Museum Exhibition was opened in Peiping May 18, under the auspices of the Peiping National Library.

Brigadier F. S. Thackeray, who has been in command of the British Forces in the Shanghai area since 1933, was appointed an A.D.C. to King George May 15.

The annual meeting of the Shanghai Community Church was held Wednesday May 22 when eight vacancies on the governing board were filled.

The remains of the late Kao Yu-tang, member of the Control Yuan, who died in Nanking recently, were conveyed to Peiping by the Tientsin-Pukow through train May 15 for interment.

Dr. C. T. Wang will address the Pan-Pacific Association at the Astor House, Shanghai, May 28, 12.15 p.m. on "The Overseas Chinese—Their Contribution to World Welfare."

Dr. Wilhelm Filchner gave a lecture on his journeys in Russia, Sinkiang, Kansu, Tibet and India before the Royal Asiatic Society, Shanghai, May 23. It was illustrated with cinema films.

Major-General Tang Yung-shan, Commander of the 93rd Division at Kweiyang, having resigned on account of ill health, Major-General Kan Li-chu has been appointed Acting Commander of the Division.

Hsu Kan, newly appointed Administrative Vice-Minister of Finance, assumed his duties this week. The post of Director of the Currency Department, vacated by Mr. Hsu, is being filled by Tai Ming-li, Section-Chief.

By order of the Ministry of Finance, Kuo Hsiao-hsia, Counsellor in the Ministry, has been transferred as a member of the Revenue Readjustment Committee. Wang Han-lieh will succeed him as Counsellor.

A group of nine members of the Biological and Botanical Research Institute of the Academia Sinica headed by Wu Hsien-wen, Nanking, proceeded to Weihaiwei this week to investigate the Chinese coastal fishing industry there.

Major and Mrs. Victor J. Bertrandis departed from Shanghai this week for Honolulu and Los Angeles. Major Bertrandis came to China to assemble the C.N.A.C.'s new Douglas passenger plane and to train the pilots in handling the ship.

Mrs. Elizabeth Cox, wife of M. J. Cox, Tokyo correspondent of *Reuter's*, a former resident of Shanghai, died in Tokyo May 19, as the result of injuries sustained when a taxicab in which she was riding collided with a streetcar.

Dr. Pi Tso-chiung, senior technical expert of the Ministry of Industry, who has been appointed delegate of the Chinese Government to the International Forestation Conference at Brussels in September this year, will sail for Belgium on June 7.

Z. Ying-loh, the Chinese Consul in Seattle, was married May 17 to Miss Shen Pih-fong, daughter of the General Shen Chiu-cha. Official witnesses to the wedding were Governor Clarence D. Martin, of Washington, and Charles L. Smith, mayor of Seattle.

Dr. Wu Siu-feng, Chinese Secretary to the League of Nations, who returned to China sometime ago in company with Dr. Robert Haas, the League's liaison officer, departed for Geneva from Hongkong last week to resume his duties with the League Secretariat.

The Peiping customs authorities have definitely refused to issue permits for the export of a pair of stone lions purchased by a French resident employed at the Banque de L'Indo-Chine from the descendants of Prince Ting of the former imperial family of the Manchu ruler.

Thirty-four Chinese, most of them girls, were graduated last week from the Training School for Nurses of the Lester Chinese Hospital in Shanghai. The diplomas were presented by Mrs. Li Ting-an, wife of Commissioner of the Bureau of Public Health of the City Government.

In view of the recent piracy of the merchant steamer *Lu Kiang* while shipping a consignment of silver from Hankiang to Amoy and further reported activities of the pirates off the Fukien coast, the Ministry of Navy has dispatched the gunboat *Wei-Ning* to Fukien to patrol the coast.

Brig.-General F. D. Hammond, accompanied by his two assistants, and three special deputies of the Ministry of Railways, made an inspection this week of the Peiping-Hankow, Peiping-Suiyuan, Peiping-Liaoning, Chengting-Taiyuan, Lung-Hai and the Taokow-Chinghua Railways.

The death occurred in the United States May 13 of Mrs. Chauncey F. Brown, who was paralyzed from the shoulders down as the result of an auto accident in which her husband Dr. Brown also received injuries, from which he later died. The accident occurred while they and their two young sons were driving to their mother's home in Missouri. The two sons escaped without serious injury. Dr. and Mrs. Brown were on a holiday from Hengchow, Hunan, where Dr. Brown was in charge of the American Presbyterian hospital.

M. Bogomoloff, U.S.S.R. Ambassador in China and Mme. Bogomoloff were at home in the spacious premises of the Soviet Ambassador in Shanghai, May 18. The 500 odd guests included officials, businessmen and journalists of all nationalities, European, American, Chinese and Japanese.

Cameron Forbes, of the American Economic Mission, has accepted the invitation to act as speaker at this year's annual pilgrimage to General Ward's tomb June 2. The ceremony will be in the hands of General Frederick Townsend Ward Post, No. 1, American Legion, of which A. E. Charlot is Commander.

T. E. Shaw, better known as "Lawrence of Arabia," died at a military hospital in Dorsetshire, England, May 19, following injuries received in a motor cycle accident. His mother is at present travelling in the upper reaches of the Yangtsze Valley, where she received the news of her son's death.

Owen Lattimore, editor of *Pacific Affairs*, and an American Attache arrived at Peilienmiao on May 12 on an inspection tour. On May 14, a reception was given in honor of the visiting Americans by Prince Teh, Secretary-General of the Mongolian Local Autonomous Political Affairs Council.

Declaring that not all the Japanese ratepayers in the International Settlement can understand English or Chinese, the Japanese Residents' Association has demanded that official publications of the Shanghai Municipal Council should also be published in the Japanese language for the benefit of the Japanese ratepayers.

V. K. Ting, present head of the Geological Survey of China and the first Mayor of the Municipality of Great Shanghai, spoke on "The Necessity of Ethical Adjustment" at a combined meeting of the International Y's Men's Club and the Shanghai Y's Men's Club, held at the American Club in Shanghai May 14.

Mei Lan-fang was entertained to tea by the Director of the National Music and Dramatic School and the Director of the Oriental Languages School at the Inter-Allied Club in Paris May 16. He later proceeded to London and Geneva. Miss Butterfly Wu was entertained at dinner by the Chinese Students' Association in Paris.

Mr. and Mrs. John K. Caldwell were the guests of E. S. Cunningham, United States consul-general during the week, while enroute from Sydney, Australia, to Tientsin, where Mr. Caldwell will serve as U. S. Consul-General succeeding Frank P. Lockhart, who in turn succeeds Clarence E. Gauss as counsellor of the legation.

A consignment of 12 motion-picture machines for sound films, purchased by the Central Party Publicity Committee, arrived in Shanghai this week. The secretariat of the Central Party Headquarters has requested the Ministry of Finance to instruct the Customs Administration to exempt the shipment from payment of duty.

Chu Chang-yeh, electrical plant engineer, and Chang Hai-tao, locomotive engineer, who have completed eighteen months' practical training at the British Engineering Works under a scholarship plan sponsored jointly by the Federation of British Industries and the China Association in London, were given a farewell reception in London May 13.

J. Lossing Buck, head of the agricultural department of the University of Nanking and his wife, Pearl Buck, who has become famous as a writer of novels dealing with Chinese life, have purchased a farm near Doylestown, Penna., where they intend to reside permanently. Prof. Buck is gathering monetary and commercial data for the U. S. Treasury in China.

In a recent comment on the report that Nanking is planning to register all the factories and plants in the country, the Shanghai *Mainichi* said there was a possibility that the Government might give the privilege of abrogating the inter-port tax only to these commodities which are produced by the registered mills; if so, it would be neceessary to protest against such a "cruel policy."

A three-day funeral service for Sze Liang-tsai, the late publisher of the *Shun Pao*, was held last week in the Sze residence in Hardoon Road, in Shanghai. The coffin was later carried in a special train to Hangchow for burial. Mr. Sze was murdered on the Shanghai-Hangchow highway in November last year, when he was returning to Shanghai in a motor car with his family. A chauffeur and his son's friend were also killed.

Chao Mei-pa, well-known Chinese scholar and musician, who has become well known in Baltimore, (Md.) during the past year, has organized in the said city a group singing in French, English, and Chinese. Mr. Chao, says the *Baltimore News*, finds that a combination of the Baltimore accent with that of his own province, Ningpo, tends to produce something entirely new, though similar to the official language of China, the Peiping dialect.

A report on the results of his last expedition to Central Asia was submitted by Seven Hedin, world famous Swedish explorer, to the Swedish Anthropological and Geographical Society last month. In his report he stated that all the existing maps of Central Asia will have to be revised as a result of new astronomical observations carried out by his expedition. The shifting of Lake Buyer-nor northward, predicted by Sven Hedin in 1931, has been verified and confirmed by the calculations made by Dr. Hoerner, one of Sven Hedin's associates, the explorer stated.

Ho San-shing, a Chinese importer of porcelain from China and Japan, was sentenced in Dortmund, Germany, May 20 to five months in prison and fined 1,000 marks for contravening the currency law.

Mr. and Mrs. William L. Bond, whose marriage occurred in Peiping, last week, arrived in Shanghai May 20 on the C.N.A.C. new Douglas passenger plane. Mr. and Mrs. Bond will reside in the Houston Court Apartments, 2032 Avenue Joffre. Mr. Bond is one of the vice presidents of the C.N.A.C.

First Sergeant George Nelson, Headquarters Company, the U. S. Marines, on duty in Shanghai, will shortly be invested with the Order of the Most Brilliant Jade, the first American upon whom this decoration has been bestowed. Sergeant Nelson acted as aid and adviser to Senor don Rodolfe Espinosa, Vice-President of the Republic of Nicaragua, during has recent visit to China.

Experts Advise Adequate Refrigeration in Every Home

A health book issued by the Public Health Department of the Shanghai Municipal Council says: "Perhaps the most pressing problem which the resident of Shanghai has to face is the question of eating and drinking." Adequate refrigeration is stressed as one of the principal precautions; all food should be kept at a temperature not exceeding 50 degrees Farhenheit or 10 degrees centigrade. In connection with this warning, special displays of electric refrigeration are being planned by dealers throughout Shanghai. Likewise, a showing of nearly every modern model is being exhibited at the showrooms of the Shanghai Power Company.

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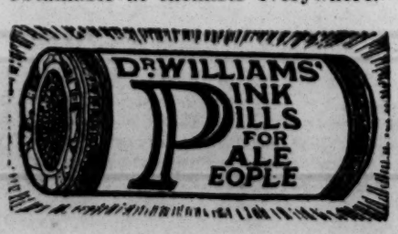

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The Case of George Bronson Rea-san

BY WILBUR BURTON

IN these depressed days it is pleasing to tell an old-fashioned success story, and none should be more inspiring than how George Bronson Rea has risen to fame and fortune in this Celestial land of opportunity. Twenty years ago Mr. Rea—or Rea-san, as he presumably would prefer to be called—was merely the editor and publisher of an insignificant anti-Japanese magazine in Shanghai called the *Far Eastern Review* and a none too successful promoter of engineering projects; today he is a gilded courtier, advisor and envoy plenipotentiary and extraordinary of the Son of Heaven who sits upon the throne of Manchukuo, while his *Far Eastern Review* now has a world-wide circulation on all the Japanese passenger ships that sail the seven seas. And his bounty from the beneficent Son of Heaven alone is U.S.$15,000 a year plus all expenses; what the grateful *samurai* pay for their many full-page advertisements in the *Far Eastern Review* deponent sayeth not.

Naturally, such achievement of gold and glory has often aroused spiteful comment, which is most unfair, for Rea-san himself has told us fully and frankly the secret of his success, and anyone who wishes may read it in the November, 1926, issue of the *Far Eastern Review*. There (Volume XXII-No.11, pages 497-501 inclusive) Rea-san, writing under the title of "Mr. George Bronson Rea vs. *The Japan Chronicle*," defended himself at length against many vile canards of the Kobe journal, one of which was that his "propaganda for Japan (over an Indian tariff threat to Japanese textiles) . . . must do Japan quite a lot of harm one way or another—a great deal more than in the days when he flung his abuse at her so industriously."

To which Rea-san, over the dateline of "Osaka, October 18, 1926," replied in part:

> "For the information of the business-men of Osaka, I desire to place on record that the *Far Eastern Review*, an American-owned and edited monthly magazine published at Shanghai, has never at any time existed to abuse Japan. As a direct result of the Twenty-one demands . . . . . the *Far Eastern Review* openly espoused the cause of China and bitterly denounced Japan for what appeared in the light of the then known facts, to be an unwarranted and criminal aggression on the sovereignty of the country. *As a result of a visit made to Japan in October, 1916, and a frank talk with Baron Shibusawa and Mr. J. Inouye, then president of the Yokohama Specie Bank, the publisher of the Far Eastern Review arrived at a better appreciation of Japan's policies toward China and discontinued his anti-Japanese activities.*"

The italics are mine, but the secret of success is Rea-san's, and like most of the tactics by which great men leave their footprints on the sands of time, it is charmingly simple. If you are a journalist and think Japan has infringed on Chinese sovereignty, but would like to arrive at "a better appreciation" of her policies, just hold a "frank talk" with the president of the Yokohama Specie Bank. Rea-san did, and now he bears the imposing title of "Counsellor to the Ministry of Foreign Affairs of the Government of Manchukuo," which was a fitting reward for the years of "appreciation" (after 1916) of Japan's policies in the columns of the *Far Eastern Review*.

As Manchukuoan "counsellor," Rea-san has spent the past three years in Geneva and Washington, and in the latter place at least there have been cherry trees planted by Japan (presumably in gratitude for Admiral Perry's visit) to cheer the heart of a lonely exile, but I note that he is neverthless coming home And before coming,his heart-burning was such that he wrote a ponderous book* in appreciation of Japan's policies. The spiteful might connect these facts with the imminent expiration of his contract as "counsellor," but since he has, in the classic words of an American statesman from Maine "told us what he done and why he done it," it is only fair to assume he wants to engage in further "frank talks" with Japanese bankers.

I can only hope, of course, that Rea-san's talks are as satisfactory for him as the historic one in October, 1916, but it is my sad duty as a reviewer to point out that his brief for Manchukuo can hardly be said to be worth the U. S. $45,000 plus expenses which have been paid to him during the past three years by the Son of Heaven. But even the greatest of men are entitled to a lapse now and then, and besides Rea-san was probably suffering from severe nostalgia.

Certainly only a master mind that was gravely distraught could be responsible for some of the inconsistencies of the book. For example, on Page 23 (as well as on many other pages) he fearfully forecasts that China is going Red, but on Page 97 he bitterly condemns the United States for supplying airplanes and aviation instructors "to bomb and kill a desperate, starving people who have risen with arms in their hands as the only way to obtain justice and assure their right to exist." Many who never held a "frank talk" with the president of the Yokohama Specie Bank would agree with the statement quoted, but at least they would be consistent enough to want China to go Red instead of fearing it.

Also, on Page 174, Rea-san quotes approvingly Seward's famous statement that "there is a higher law than the Constitution," while on Page 187 and elsewhere he gnashes his teeth in anguish and rage at the Chinese for violating the Abdication Treaties with the Manchus. Or, in another statement, "Manchukuo holds that there is a higher law than international law"—and that is O. K. to Rea-san,—but he denies to the Chinese the revolutionary right to terminate in 1924 the costly maintenance of the degenerate Manchus in comic opera splendor. Of course, such curious logic was doubtless acquired by Rea-san in that "frank talk" back in 1916.

Nor is Rea-san very happy in his selection of some facts and alleged facts. He reminds us, for example, that he was the first journalist to reach the U.S.S.*Maine* after its sinking in Havana harbor, which naturally draws a deadly parallel between this incident (with which, as all historians now agree, the Spanish had nothing to do) and the explosion on the South Manchuria Railway during the night of September 18, 1931. Further, Rea-san cites quite correctly, in seeking to prove that the people of Manchuria did not adore the "Chang dynasty,"that Kuo Sung-ling revolted against Chang Tso-lin in 1925,—but he forgets to add that the Japanese were responsible for Kuo's defeat. Chang Tso-lin, in fact, publicly thanked them for their assistance. But to bring all this out would indicate quite clearly that the Japanese were opposed to any "independence" movement in Manchuria unless they directed it —and Rea-san is avowedly writing only in "appreciation of Japan's policies."

There is, however, one astounding indiscretion. While denying the authenticity of the Tanaka Memorial, Rea-san drags forth the so-called "will of Peter the Great" to prove that Russia is seeking to bring all Europe under her "yoke." "Whether . . . faked or not, "he adds, it has become the "guiding policy" of the Bolsheviks. The same could certainly be said of the Tanaka Memorial and Japan's "guiding policy." But, on the whole, Rea-san has probably done the best possible under the circumstances. He proves quite conclusively that Manchuria is at least as much Manchu as the United States is Red Indian, but naturally he does not put it so forthrightly. He also proves by a map which might have appeared in *The New Masses* that China is practically Communist; all of Kweichow and Szechwan are shown solid Red, while most of Kiangsi and Anhwei and huge areas of Fukien, Hunan and Honan are also listed Red! It is really touching to note the harmony between Tokyo and Moscow propagandists in painting China Red.

Finally, Rea-san squarely poses the issue: "Whether Communism is to triumph in China and bring this vast territory with its teeming millions under the domination of Moscow as the first step towards the overthrow of Japan, or, whether Japan is to be permitted to defend herself against the spread of doctrines which menace her institutions, her industrial system and the very life of a people whose existence depends upon the preservation of these agencies."

But, as already cited, Rea-san violently opposes American assistance to China in crushing the Communists; only Japan is entitled to conduct the holy crusade, and her first step was to seize the one area of China in which Communism had never gained a foothold. Such is "The Case for Manchukuo"!

Anyway, the main point of my thesis is not the merits or demerits of Rea-san's book, but Rea-san himself as an inspiring example to aspiring journalists in this Celestial land of opportunity. Wherefore, in conclusion, I will reiterate the secret of success he so sublimely examplifies: first, edit an anti-Japansee magazine for awhile, and then a hold a "frank talk" with the president of the Yokohama Specie Bank—after which the Heaven of little Henry Pu Yi is the only limit for those who have "a heart for any fate."

Shanghai May 20, 1935.

**The Case for Manchoukuo, by George Bronson Rea; published by D. Appleton-Century Company, New York City. Price, U. S. $3.50 Illustrated. 425 pages, including index.*

Yokohama Specie Bank President Reviews World Economic Conditions

The speech of Kenji Kodama to the shareholders at the general meeting of the Yokohama Specie Bank in Yokohama, held March 9, has been printed in pamphlet form. Mr. Kodama has established a great reputation as a reviewer of world economic conditions, and regularly pays attention to such matters as foreign trade, commodity prices, exchange, crop reports, shipping, etc., in addition to outlining the operations of the Bank itself.

Secretary Wallace Addresses Annual Meeting of Foreign Policy Association

The annual report of the Foreign Policy Association of 1934 contains an address delivered by Henry A. Wallace, U.S. Secretary of Agriculture, on "The Need for Unifying Purpose" Mr. Wallace said he was not preaching internationalian, but nevertheless world questions should be viewed as the part of a great, encircling whole.

Photos and Description of Foreigner Held for Alleged Communist Activities

The two pictures herewith are the front and side views of the foreigner who was arrested several weeks ago by the Shanghai Municipal Police because of suspected Communistic activities. The said foreigner has resolutely refused to give his name or to give any details about himself. He has been described in the local press as Mr. X. He is being held by the Shanghai Municipal Police, on instructions from the Chinese Court in the Foreign Settlement, which, however, at a sitting last week refused the request of the Chinese City authorities that he be handed over to them.

A description supplied by the Shanghai Municipal Police contains the following particulars:

Age about 40; height, about 5' 8"; build, strong: weight, approximately 180 pounds. Hair, thin and curly, silky in texture, sparse above forehead and bald on crown, allowed to grow long on left side so that it can be parted across head to hide baldness; color of hair light brown but turning grey at back and sides; eyes, grey with red rims, weak looking; eyebrows, brown and bushy; nose, well-shaped with regular features; chin, suspicion of double chin; face, fleshy and somewhat puffed; hands, appear like those of a manual worker with wrists abnormally thick; special marks: small scar on right index finger, small perpendicular concave scar ½ an inch long on left side of chin; possesses great physical strength.

Alleged Chinese Communist Is Handed Over to Woosung Garrison

A third Chinese alleged Communist named Wang Meu-tsing was brought before the Chinese court in the Foreign Concession this week. He is stated to have confessed to having engaged in Communist activities. We was ordered handed over to the Woosung Garrison May 22.

Setting a Bad Example for the Chinese Courts

(Japan Chronicle, British paper at Kobe)

The foreign community of Shanghai is storing up trouble for itself. The papers record the arrest of a "mystery foreigner," believed to have connections with the communist movement in China He was arrested without a warrant—for there is no charge against him, and even his name is not known—when found keeping a rendezvous made by a Chinese already in jail. For all anybody knows he may possess extraterritorial rights, in which case even a definite charge of Communist activity probably could not be sustained. Certainly it couldn't if he happens to be British, for to be a Communist and to preach communism is no offence under British law. It is very likely that the police made a shrewd guess as to his real nationality, and accordingly took a chance, but this is a dangerous business, and certainly not a bright example to the Chinese courts which in the perhaps not distant future will have jurisdiction over all foreigners. It will not be much use complaining that arrests are made without warrants, and prisoners detained without being legally charged. The reply will be, "What of it? It was done in the good old days."

A. A. U. Reports Profit of Almost $150,000 for Last Year

The American Asiatic Underwriters Fed Inc., U.S.A. reported a net profit of $144,199.65 at the annual general meeting held in Shanghai May 15. The following directors were re-elected: C. L. Boynton, W. A. Hale, U. S. Harkson A. B. Park, F. J. Raven, B. C. Sienkevich, Clement J. Smith, Francis R. Smith and C. V. Starr. Mr. Starr, president of the company, acted as chairman and presented the report. Approval was granted to the balance sheet, statement of profit and loss and directors' report, together with a special tax saving dividend of ten cents a share on common stock outstanding. A balance of $215,004.95 was ordered carried forward.

In the American Consular Court for the District of Shanghai

NATIONAL COMMERCIAL BANK, LTD., Plaintiff, vs. JOHN M. MURRAY, Defendant.	Civil No. 721 COMPLAINT. Filed at Shanghai, China, May 2, 1935. William T. Collins, Clerk. L. T. Kenake, Asst. Clerk.

ORDER

The object of this suit is to recover the payment of rent and to have judgment of condemnation of certain property of the defendant levied on under an attachment issued in this suit to satisfy the plaintiff's claim.

It is therefore, this 10th day of May, 1935, ordered that the defendant appear in this court on or before the fortieth day, exclusive of Sundays and legal holidays, after the day of the first publication of this order, to defend this suit and show cause why said condemnation should not be had; otherwise the suit will be proceeded with as in case of default.

BY THE COURT:

A. H. DRISCOLL,

Acting United States Commissioner, Ex-Officio Judge of the Consular Court for the District of Shanghai, China.

Off To The Party.

Happy and smiling, eager to be off to share the good things with her little friends, she is the personification of healthy childhood. A joy to her parents who are relieved of all the worry and anxiety which would be their's if she were weak and ailing.

Many infants and young children who have not thrived as they should have shown remarkable response to treatment with Baby's Own Tablets. This specific for the common ailments of the young was devised by a doctor who made a special study of children's maladies. The tablets have a mild laxative action and are unsurpassed for the treatment of constipation, indigestion, 'wind', diarrhoea, colic, croup, colds, and vomiting. They also are of great help in easing the pains of teething, and for the expulsion of worms.

Readily crushed to a powder, the tablets are easy to give, and as they are pleasant in taste there is never any difficulty in getting a child to take them. Guaranteed free from narcotics or other injurious ingredients. Baby's Own Tablets are perfectly safe for the infant in arms as for older children. If your child is cross, moody, and generally out-of-sorts, it is more than likely that the stomach is upset, in which case a dose of Baby's Own Tablets will quickly set matters right. Give them a trial; of all chemists.

FOR

Government Control of Factories Not Feasible, Says Director Liu

In a recent interview, Liu Yin-fu, Director of Industry of the Ministry of Industry, said the proposal of the Shanghai Chamber of Commerce for the control of Chinese industries is only a passive method for the solution of the present industrial crisis, and can hardly be regarded as suitable for the present condition. Discussing the proposal of the Cotton Control Committee, Mr. Liu said, "The proposal of the Cotton Control Committee for the government control of textile factories has been studied by the Ministry. As the proposal calls for the reduction of workers and increase of working hours, it seems hardly practicable at the present time when there are already large numbers of unemployed workers. Whether the proposal will be enforced or not will be decided after further examination."

More than 300 shops in Shanghai have asked for financial assistance from the Ministry of Finance. It is generally believed that a large number of shops will fail on the May settlement Day, according to the *Sin Wen Pao*.

More Than Half of Factory Capital in Shanghai Is Invested in Textile Mills

According to official statistics issued by the Bureau of Social Affairs of the City Government of Greater Shanghai this month there are 3,618 factories in Shanghai. The total capitalization of these factories is $473,069,510 (over half of which is accounted for by textile mills) and the total number of workers employed in these factories is 305,750. The Central Factory Inspection Bureau at Nanking has appealed to the International Labor Office at Geneva concerning the inspection of factories within the International Settlement in Shanghai, stating that the matter will be brought up again by the Chinese delegation at the forthcoming International Labor Conference at Geneva.

Chinese Match Industry Lags, While Foreign Factories Prosper

The Shanghai *Chungwha Jih Pao* says more than 42 Chinese match factories suspended operations in the past year either temporarily or permanently, but foreign match factories are enjoying good business.

The Ministry of Industry has authorized the provisional use of British weights and measures, for the exportation of native products abroad, otherwise the general rule requiring the use of the metric system is to be observed.

The Ministry of Communications has ordered all shipping companies to equip their steamers with the latest automatic pirate alarm device for protecting their radio installation.

The Chekiang Provincial Government has decided to establish a special Police Bureau at Wenchow in order to protect the fishing industry along the south-eastern Chekiang coast.

The Ministry of Finance has issued a circular order to the various Consolidated Tax Bureaus, instructing that the illicit manufacture of rolled tobacco (cigarettes) be strictly prohibited.

Cleveland Concern to Supply Machinery and Contribute Capital for Kwangtung Steel Mill

Lee Fong, representing the Kwangtung provincial government, is negotiating at Cleveland, Ohio, with Arthur G. McKee & Co. for the supply most of the equipment and machinery for the Kwangtung Iron and Steel Mill. The McKee concern has promised to raise through private bankers in the United States, about Mex. $30,000,000 of which is to be employed in opening and developing mines from which ores required in the manufacturing of iron and steel will be secured.

Canton to Extend Wolfram Monopoly to Include Kiangsi Fields

More than half of the world's wolfram (tungsten) ore comes from China. Wolfram will fetch fabulous prices when the armament makers get rush orders for field pieces and coast defence guns. The best grade wolfram comes from three Southern Kiangsi districts. After the Reds were expelled from Kiangsi, the administration of the southern portion of the province was entrusted to the Canton regimists. Consequently Canton will extend her monopoly to embrace the Kiangsi mining fields, and General Yee Hon-mow's First Army will provide the capital for the efficient development of these fields. All sales of wolfram ore must be made to the Canton Government's Monopoly Bureau.

Yumin Bank May Control Tungsten Output in Kiangsi

The Bureau of Tungsten Mines of Kiangsi Province is negotiating with Yumin Bank with a view to having the latter control the transportation and sale of tungsten produced in Kiangsi Province, and also to handle the transportation and sale of all tungsten to foreign countries.

Coal Mining Rights in Szechuen Secured by British Firm

The Tokyo *Jiji* stated May 17 that a cable reaching the Osaka branch of the Trade Bureau from Hankow stated that the British firm, Arnhold & Company, had acquired the coal mining rights in Szechuen Province, China. The coal buried there is estimated at 9,870,000,000 tons. The annual output in a recent year was 700,000 tons.

Soldiers Guard Impressed Laborers on Huai River Conservancy

A *Rengo* despatch from Tsingkiangpu, to the newspapers in Japan, dated May 8, stated that about 300,000 men are working in the Grand Canal and Huai River conservancy projects. More than 130,000 men are opening up a new channel, a distance of 164 kilometres, for the Huai River to enter the sea. In order to complete the project in the specified time, forced labor has been employed. Each worker is given fifteen cents a day for his food. To prevent the laborers running away and to maintain order, the new 5th Division was sent to Tsingkiangpu and stationed along the new channel. The original estimate for the Huai River Conservancy project was $34,000,000. By the employment of forced labor and in slashing various expenditures, it is hoped to complete the project in two years with $6,000,000.

Peasants Starve in Kwangtung Province

Peasants in the district of Yangchun, in the southern region of Kwangtung province, are depending upon weeds for their susbistence. Many of them have been poisoned by the weeds and have died. However, masses of peasants are still enthusiastically using the weeds for the food, despite the prohibition which was recently established by the local government.

Famine in Szechuen Province

Many of the districts in Szechuen are menaced by severe famine. People of Tungliang district are depending on a special kind of soil called "Kwangyintu" for food, and this is has proved to be poisonous.

As a result of wind and hailstorm, most of the farm crops in Suining, northern Kiangsu, have been destroyed and over 100,000 inhabitants affected. The situation is said to be very serious.

Great anxiety is being felt by the peasants of more than 30 hsiens of eastern Shantung as they have had no rain for months. It is believed that if no rain falls within this month, hope for an autumn harvest will have to be abandoned.

Officials "Squeeze" Relief Fund

One thousand seven hundred dollars out of the relief fund in the district of Yunshun, Hunan, has been squeezed by an official, Lo Tsu-min, in cooperation with the local magistrate, according to a report submitted by the Provincial Relief Commission.

A recent telegram from Chengyuan, Shensi, stated that despite the instructions from the provincial government for the reduction of miscellaneous taxes, the magistrate at Chengyuan district in Shensi province, is continuing to send many officials throughout the district to urge the payment of taxes by the peasants. Those who are unable to pay immediately are always subjected to severe torture. They are often bound by ropes and beaten.

Chin Fen and League Experts Inspect Conservancy Work

Chin Fen, Secretary General of the National Economic Council, accompanied by several water conservancy experts proceeded to Loyang this week to inspect the repair work on the Chin Dykes along the Yellow River and the construction of river embankmonts in the three provinces of Honan, Hopei and Shantung.

A large sand reef has appeared on the Yellow River near Chungmou, northern Honan, as a result of the accumulation of silt. In order to prevent it becoming a danger to shipping, the Honan Provincial River Affairs Bureau has despatched Liu Chia-chu, technical expert, to take the necessary precautionary measures.

The engineering work for the repair at the Lunchingtsu Area, near the river delta in northeastern Shantung, has been completed, according to a message receive in Tsinan.

President Sun Fo and party inspected the Chinghui Irrigation Canal, 20 miles north of Sian, May 13.

Flags at Half Mast on May 18 for Pilsudski, Not for Party Martyr

A misapprehension concerning the flying of the Chinese National Flag at half-mast on May 18 was cleared two days later when the authorities at Nanking explained that the flags were so flown by special order of the National Government in honor of the late Marshal Pilsudski of Poland. The coincidence of the date of the funeral of the late marshal with that of the memorial celebration for the late General Chen Chi-mei, revolutionary martyr, caused erroneous reports in Shanghai newspapers.

Netherlands Indies Alleged to Be Enforcing Anti-Chinese Policy

The Netherlands Government is reported to be enforcing a strict anti-Chinese policy in the Netherlands East Indies. Wunsz King, Minister to the Netherlands, has been instructed to make strong representations to the Netherlands government.

AIR MAIL and PASSENGER SERVICE

W. SHANGHAI-HANKOW LINE *E.*

7.00 *dep.*	Shanghai	*arr.* 14.05
9.15 *arr.*	Nanking	*dep.* 11.50
9.30 *dep.*	Nanking	*arr.* 11.35
11.15 *arr.*	Anking	*dep.* 9.50
11.20 *dep.*	Anking	*arr.* 9.45
12.20 *arr.*	Kiukiang	*dep.* 8.45
12.35 *dep.*	Kiukiang	*arr.* 8.30
14.05 *arr.*	Hankow	*dep.* 7.00

Daily Service

N. SHANGHAI-PEIPING LINE *S.*

6.30 *dep.*	Shanghai	*arr.* 12.25
7.30 *arr.*	Nanking	*dep.* 11.25
7.50 *dep.*	Nanking	*arr.* 11.05
9.40 *arr.*	Tsingtao	*dep.* 9.15
10.00 *dep.*	Tsingtao	*arr.* 8.55
11.45 *arr.*	Tientsin	*dep.* 7.10
12.00 *dep.*	Tientsin	*arr.* 6.55
12.25 *arr.*	Peiping	*dep.* 6.30

N. Bound on every Tuesday & Saturday—S. Bound on every Wednesday & Sunday. *Douglas P.*

6.30 *dep.*	Shanghai	*arr.* 3.30
9.30 *arr.*		*dep.* 12.30
9.45 *dep.*	Haichow	*arr.* 12.15
11.05 *arr.*		*dep.* 10.55
11.20 *dep.*	Tsingtao	*arr.* 10.40
2.30 *arr.*		*dep.* 7.30
2.45 *dep.*	Tientsin	*arr.* 7.15
3.30 *arr.*	Peiping	*dep.* 6.30

N. bound on every Tuesday—S. bound on every Friday. *Stinson P.*

E. CHENGTU-CHUNGKING LINE *W.*

12.00 *dep.*	Chengtu	*arr.* 16.30
14.00 *arr.*	Chungking	*dep.* 14.30

Both East and West Bounds on every Monday, Wednesday, Friday and Saturday.

W. HANKOW-CHUNGKING LINE *E.*

7.30 *dep.*	Hankow	*arr.* 15.50
9.00 *arr.*	Shasi	*dep.* 14.20
9.15 *dep.*	Shasi	*arr.* 14.15
10.00 *arr.*	Ichang	*dep.* 13.30
10.15 *dep.*	Ichang	*arr.* 13.15
12.25 *arr.*	Wanhsien	*dep.* 11.05
12.40 *dep.*	Wanhsien	*arr.* 10.50
14.30 *arr.*	Chungking	*dep.* 9.00

West bound on every Monday, Wednesday and Friday.
East bound on every Tuesday, Thursday and Saturday.

S. SHANGHAI-CANTON LINE *N.*

6.30 *dep.*	Shanghai	*arr.* 15.00
8.25 *arr.*	Wenchow	*dep.* 13.05
8.45 *dep.*	Wenchow	*arr.* 12.45
10.05 *arr.*	Foochow	*dep.* 11.25
10.25 *dep.*	Foochow	*arr.* 11.05
11.35 *arr.*	Amoy	*dep.* 9.55
11.55 *dep.*	Amoy	*arr.* 9.35
12.55 *arr.*	Swatow	*dep.* 8.35
13.15 *dep.*	Swatow	*arr.* 8.15
15.00 *arr.*	Canton	*dep.* 6.30

South Bound on every Tuesday and Friday.
North Bound on every Thursday and Sunday.

CHINA NATIONAL AVIATION CORPORATION

EURASIA AVIATION CORPORATION

SPRING TIME TABLE 1935

Shanghai-Tchukuchak Line

West Bound				East Bound		
Wednesday	7.10 Lv.	Shanghai	Ar. 16.40		Sunday
	8.40 Ar.		Lv. 15.10		
	9.05 Lv.	Nanking	Ar. 15.00		
	12.05 Ar.		Lv. 12.00		
	13.20 Lv.	Chengchow	Ar. 11.00		
	15.50 Ar.		Lv. 8.30		
Thursday	8.30 Lv.	Sian	Ar. 17.00		Saturday
	11.30 Ar.		Lv. 14.00		
	Lv.	Lanchow	Ar.		
Temporarily Suspended	Ar.		Lv.	Temporarily Suspended	
	Lv.	Suchow	Ar.		
	Ar.		Lv.		
	Lv.	Hami	Ar.		
	Ar.		Lv.		
	Lv.	Urumtchi	Ar.		
	Ar.	Tchukuchak	Lv.		

Peiping-Canton Line

South Bound				North Bound		
Wednesday & Sunday	7.50 Lv.	Peiping	Ar. 16.10		Wednesday & Sunday
	11.40 Ar.		Lv. 12.20		
	13.00 Lv.	Chengchow	Ar. 11.45		
	16.00 Ar.		Lv. 8.45		
Thursday & Monday	8.00 Lv.	Hankow	Ar. 15.50		Tuesday & Saturday
	9.40 Ar.		Lv. 14.10		
	10.00 Lv.	Changsha	Ar. 13.50		
	13.20 Ar.	Canton	Lv. 10.30		

Lanchow-Paotow Line

North Bound				South Bound	
Thursday	12.30 Lv.	Lanchow	Ar. 13.20		Friday
	14.30 Ar.		Lv. 11.20		
	15.00 Lv.	Ninshia	Ar. 10.50		
	17.20 Ar.	Paotow	Lv. 8.30		

NOTE:—1. Shanghai-Tchukuchak and Peiping-Canton lines are connected with each other at Chengchow, thus providing a most convenient route for Shanghai/Lanchow—Peiping/Canton.
2. Special flights to other places can be arranged only under special agreement.

Latest New York Stock Exchange Quotations

May 22, 1935
Business Done:-
Total Volume: 1,140,000 Shares

1934-35 High	1934-35 Low	Div. $ per sh.	STOCKS	Last Sale May 20	Last Sale May 21
126	90¼	4.00	American Can		
22½	14⅝	0.40	Amer. Cyanamid "B"	125⅝	127¼
13⅝	2	—	American & For. Power	19	19⅜
38⅝	9¼	—	American Locomotive	3⅞	3⅞
17⅝	10	—	American Radiator	20⅝	20¼
51¼	30¼	—	American Smelting	14⅝	14⅝
125¼	99¼	9.00	American Tel. & Tel.	45	45⅝
89	67	5.00	American Tobacco "B"	119½	119½
27⅝	7¼	1.00	American Waterworks	86⅝	87¼
17⅝	8	—	Anaconda Copper	11	10⅝
73⅝	26⅝	2.00	Atchison, S. & S. Fe	16⅝	17¼
35½	21⅝	1.00	Atlantic Refining	41⅝	41
57⅝	15	—	Auburn	26½	26⅝
34½	7⅞	—	Baltimore & Ohio	20¼	20⅜
23⅝	9⅝	—	Bendix Aviation	11	11¼
49½	22½	—	Bethlehem Steel	14½	14⅜
11¼	6½	—	Boeing Airplane Co.,	26⅝	27¼
28¼	19⅝	1.60	Borden Co.	8	8
36	16¾	1.50	Borg Warner	22⅞	22⅝
18¼	9½	—	Canadian Pacific Railway	36	36⅝
86½	35	—	Case, J. I.	11¼	11⅜
49⅞	23	1.00	Caterpillar Tr.	58	58¼
40¾	15⅞	1.40	Chase National Bank	47½	47⅜
48¾	37⅛	2.80]	Chesapeake & Ohio	21¾	21⅝
60¾	29¼	1.00	Chrysler	43⅞	43½
19¼	3⅝	—	Columbia Gas & Electric	47¼	47⅝
36⅝	15¾	0.60	Coml. Solvents	6⅝	6⅝
3⅝	0⅝	—	Commonwealth & Southern (ord.)	20⅜	21
47⅝	16¼	1.00	Consolidated Gas of N. Y.	1⅛	1⅛
22⅝	15½	0.50	Continental Oil	23	22⅛
84½	55½	3.00	Corn Products	21½	22⅛
9⅞	3⅝	—	Coty Inc.	71¼	71½
28¼	14½	—	Douglas Aircraft	5⅜	5⅛
103⅝	80	3.25	Du Pont de Nemours	26⅜	26⅛
23½	3⅝	—	Electric Bond & Share	98⅝	100½
17½	8¼	—	Fox Film "A"	6⅝	6⅝
25⅝	16⅝	0.60	General Electric	14½	14⅝
36⅞	28	1.80	General Foods	25¼	25⅝
42	24⅝	1.50	General Motors	34½	34⅝
23	14½	1.20	Gold Dust	31⅝	32
41⅜	16	—	Goodyear Tire & Rubber	15¼	15⅝
37⅝	18⅜	0.25	International Cement	19	19⅛
29¼	21	0.60	International Nickel	29	30
17⅝	5⅝	—	International Tel. & Tel.	28½	28⅝
66⅜	39	—	Johns Manville	8⅞	8⅝
23¼	14	0.60	Kennecott	50	50
40⅜	20⅜	2.00	Loew's Inc.	20¼	20½
22½	15⅜	1.20	Lorillard	39⅞	41⅜
35⅜	20	—	Montgomery Ward	20⅜	20⅜
49½	22¼	2.00	Nat. Biscuit	26⅜	26⅜
43	16⅞	1.00	National City Bank	26½	26⅜
18⅜	13	1.20	Nat- Dairy Prods.	20⅜	20⅜
31⅜	16	0.50	National Distillers	15	15⅛
15½	5	0.80	Nat. Power & Lt.	26	26¼
45¼	12¼	—	New York Central	8	8
25¼	9½	1.00	North American	16¼	16⅜
23½	12⅜	1.50	Pacific Gas & Electric	13½	13½
37	19	2.40	Pacific Lighting	19½	19⅜
6⅝	2⅜	—	Packard Motors	29½	22½
39½	17¼	1.00	Pennsylvania Railroad	4	4⅛
22⅜	13	1.00	Phillips Petroleum	21¼	21¼
45	20⅜	2.80	Public Serv. of N.J.	22	22¼
8⅛	4	—	Radio Corporation	29¼	29½
62⅞	43¼	3.00	Reynolds Tobacco "B"	5⅞	6
33⅜	17⅛	—	Schenley	49⅜	49⅝
51¼	31	0.75	Sears Roebuck	27⅜	27⅝
19⅜	11	0.60	Socony-Vacuum	38½	39
22¼	10⅛	1.50	Southern California Edison	15⅛	15¼
33⅜	13	—	Sthrn. Pacific	15¼	15¼
36½	7⅝	—	Sthrn. Railway	16⅝	16⅝
25¼	13⅜	1.00	Stand. Brands	10¼	10
17	1⅜	—	Standard Gas & Electric	15⅜	15⅜
42⅜	26½	1.00	Stand. Oil of Cal.	3⅝	3⅝
50¼	35⅜	1.25	Standard Oil Co. of N. J.	36⅜	37⅛
67	47½	3.80	Sterling Products	46⅜	47⅜
29⅜	16¾	1.00	Texas Corporation	63½	62⅝
43¼	29	2.00	Texas Gulf Sulphur	22½	22⅞
8½	5	.12½	Transamerica	35	35¼
59⅜	35⅞	1.40	Union Carbide & Carbon	6	6¼
133⅜	83¼	6.00	Union Pacific	58	59⅜
15¼	8¼	—	United Aircraft (New)	95	95
6½	3⅜	—	Un. Airline Trans.	13⅜	13½
8⅜	1½	—	United Corporation	6⅛	6¼
24	9⅜	—	U. S. Rubber	2⅜	2½
59⅞	27⅞	—	U. S. Steel	13⅛	13⅜
21⅜	11½	—	Vanadium	34½	34⅝
8¼	2⅜	—	Warner Bros. Pictures	13¼	13⅜
49¼	27⅜	0.25	Westinghouse Elect.	3⅞	4
				48⅛	48¼

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